A/53/5

United Nations

Financial report and audited financial statements

for the biennium ended 31 December 1997 and Report of the Board of Auditors

Volume I

General Assembly
Official Records • Fifty-third Session
Supplement No. 5 (A/53/5)

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Fifty-third Session
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Financial report and audited financial statements for the biennium ended 31 December 1997 and Report of the Board of Auditors

Volume I

United Nations • New York, 1998

NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

ISSN 0257-0815

[Original: English]

[30 July 1998]

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ABBREVIATIONS

ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin American and the Caribbean
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
IAEA	International Atomic Energy Agency
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
IMIS	Integrated Management Information System
ITC	International Trade Centre UNCTAD/WTO
MINUGUA	United Nations Human Rights Verification Mission in Guatemala
ONUC	United Nations Operation in the Congo
UNCC	United Nations Compensation Commission
UNCHR	Office of the United Nations High Commissioner for Human Rights
UNCHS	United Nations Centre for Human Settlements (Habitat)
UNCTAD	United Nations Conference on Trade and Development
UNDCP	United Nations Drug Control Programme
UNDOF	United Nations Disengagement Observer Force
UNDP	United Nations Development Programme
UNDRO	Office of the United Nations Disaster Relief Coordinator
UNEF	United Nations Emergency Force
UNEP	United Nations Environment Programme
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNITAR	United Nations Institute for Training and Research
UNMOGIP	United Nations Military Observer Group in India and Pakistan
UNMOT	United Nations Mission Observers in Tajikistan
UNOMIG	United Nations Observer Mission in Georgia
UNPA	United Nations Postal Administration
UNPROFOR	United Nations Protection Force
UNSCOM	United Nations Special Commission
UNSMIH	United Nations Support Mission in Haiti
UNTACDA	United Nations Transport and Communication Decade in Africa
UNTAG	United Nations Transition Assistance Group
UNTFAD	United Nations Trust Fund for African Development
UNTMIH	United Nations Transition Mission in Haiti
UNTSO	United Nations Truce Supervision Organization
UNU	United Nations University
WFP	World Food Programme

16 April 1998

Dear Mr. Chairman,

In accordance with financial regulation 11.4, I have the honour to submit the accounts of the United Nations for the biennium 1996-1997, which I hereby approve. The financial statements were drawn up and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Yours sincerely,

(Signed) Kofi A. ANNAN

Mr. Vijay Krishna Shunglu
Chairman
United Nations Board of Auditors
New York

15 July 1998

Sir,

I have the honour to transmit to you the financial statements of the United Nations for the biennium 1996-1997 ended 31 December 1997, which were submitted by the Secretary-General. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(Signed) Vijay Krishna SHUNGLU
Comptroller and Auditor General of India
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

CHAPTER I. FINANCIAL REPORT FOR THE BIENNIUM ENDED 31 DECEMBER 1997

A. Introduction

1. The Secretary-General has the honour to submit his financial report on the accounts of the United Nations for the biennium 1996-1997 ended 31 December 1997. The financial results reported relate to all activities of the United Nations other than those of peacekeeping operations and the United Nations escrow account established under the provisions of Security Council resolution 986 (1995), which are reported on separately, and other than those special programmes whose activities are reported to the General Assembly separately by their executive heads (see para. 20). The accounts consist of 21 statements supported by schedules and notes.

2. This report, the audited financial statements and the report of the Board of Auditors along with the associated report of the Advisory Committee on Administrative and Budgetary Questions will be submitted to the General Assembly at its fifty-third session. In the interest of limiting documentation, financial statements for each United Nations trust fund have not been included in the published accounts. A supplementary volume containing all trust fund statements has been provided to the Advisory Committee and to the Board of Auditors, and individual trust fund statements are available upon request.

3. The present report, which is designed to be read in conjunction with the financial statements, can also be considered alone. The report provides financial information relating to the United Nations General Fund, Working Capital Fund and Special Account (paras. 12-17), technical cooperation activities (paras. 18 and 19), general trust funds (paras. 20-22) and other special funds (paras. 23-25). The annex is a technical annex, which also includes information required by the Financial Rules to be reported to the General Assembly.

4. Financial information relating to the United Nations escrow account established under the provisions of Security Council resolution 986 (1995) is reported to the Security Council committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait. Financial information on United Nations peacekeeping operations, is reported on separately at the end of the fiscal period for the peacekeeping accounts, ending 30 June each year.

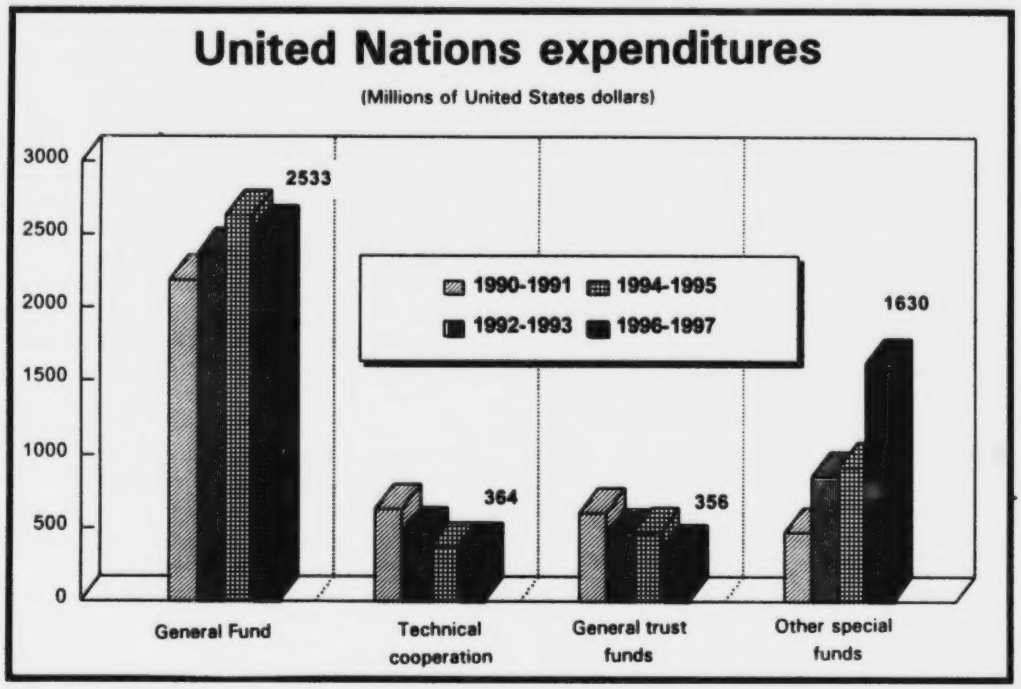
B. Overview

5. Statements I, II and III of the accounts summarize in one page the consolidated results of United Nations activities other than the peacekeeping activities and the United Nations escrow account. Statement I includes all categories of income and a total for expenditures incurred during the biennium 1996-1997. Statement II includes a summary of assets, liabilities, reserves and fund balances as at 31 December 1997. Statement III summarizes the Organization's net cash flows for the period.

6. The expenditures for the biennium compared to the previous one showed reductions of 3.8 per cent for the United Nations regular budget, 1.1 per cent for the technical cooperation activities and 25.2 per cent for the general trust funds. Expenditures for other special funds increased by 77.2 per cent, due mainly to a significant increase in the activity of the United Nations

Compensation Commission directly related to the sale of Iraqi oil. Figure 1 provides a graphic comparison of the overall expenditures, in millions of United States dollars, for the funds covered in the present report for the last four bienniums.

Figure 1



7. The following table shows the expenditures for the four categories of United Nations activity as a percentage of total expenditures for the last four bienniums.

Expenditures	1990-1991	1992-1993	1994-1995	1996-1997
Regular budget activities	56.2%	56.9%	59.9%	51.9%
Technical cooperation activities	6.1%	11.4%	8.4%	7.4%
General trust fund	15.4%	11.1%	10.8%	7.3%
Programme support and other	12.3%	20.6%	20.9%	33.4%
Total	100.0%	100.00%	100.0%	100.0%

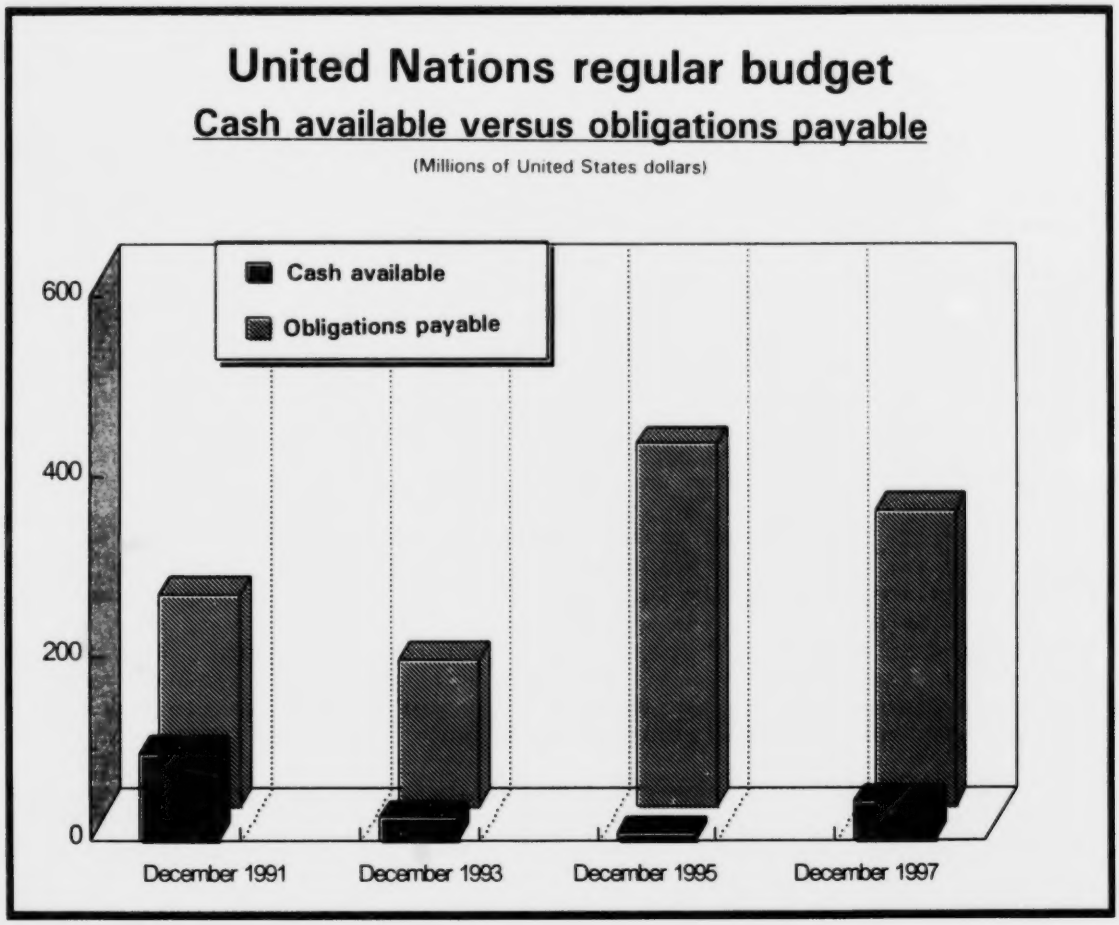
8. As at 31 December 1997, unpaid assessed contributions to the regular budget totalled $473.5 million, and for the international tribunals they totalled $14.6 million, resulting in a total of more than $488 million in assessed contributions unpaid at the end of the biennium.

9. The failure of Member States to pay their assessed contributions in full and on time has produced recurring cash crises and the resulting inability of the Organization to pay its obligations to Member States and others. It was necessary throughout the biennium to draw upon the cash reserves of the working capital and special accounts to meet current operating requirements for the regular budget. Such internal borrowings alone were not sufficient, however, and the remaining cash-funding gaps had to be covered by allowing greater amounts of obligations to go unpaid for longer and longer periods of time.

10. Technical cooperation, trust fund and other United Nations special activities are financed by voluntary funds or other specific sources, and obligations are not normally incurred unless the necessary cash has been received. As a result, these extrabudgetary funds generally do not have obligations in excess of their available cash and investments. Regular budget activities, peacekeeping operations and the international tribunals mandated by the General Assembly, however, must go on to the extent possible whether or not all assessed contributions have been received.

11. Figure 2 illustrates how the Organization's obligations, consisting of payments due to various providers of goods and services to the United Nations, and the extent to which they exceeded the amounts of cash available to satisfy them at the end of each biennium.

Figure 2


United Nations regular budget
Cash available versus obligations payable
(Millions of United States dollars)
Cash available
Obligations payable
600
400
200
0
December 1991
December 1993
December 1995
December 1997

C. United Nations General Fund, Working Capital Fund and Special Account

12. The United Nations General Fund contains all regular budget income and expenditure, as well as the assets and liabilities of the Organization other than those specifically identified with other funds. Statement IV of the accounts shows the status of regular budget appropriations. Statement V includes income and expenditures of the General Fund along with its assets, liabilities, reserves and fund balances as at 31 December 1997. Closely related to the General Fund but accounted for separately are the United Nations Working Capital Fund and the United Nations Special Account, the financial results for which are shown in statements VI and VII of the accounts.

13. The regular budget for the biennium 1996-1997 totalled $2,542.0 million, as appropriated by the General Assembly in its resolution 52/213 A of 22 December 1997. Actual expenditures for the biennium totalled $2,532.7 million, leaving an unencumbered balance of $9.3 million. The 1996-1997 expenditure total of $2,532.7 million represented a decrease of 3.8 per cent compared with the total expenditures in the 1994-1995 biennium of $2,632.0 million. Schedule 4.1 of the accounts shows expenditures by major programme and by type of expenditure. Most of the regular budget expenditure is for staff and staff-related expenses. The following tables show expenditures for the four most recent bienniums by percentage spent on each type of major activity and by percentage spent under each functional category of expenditure:

Percent of expenditure by major activity

Major activity	1990-1991	1992-1993	1994-1995	1996-1997
Overall policy-making and coordination	3.5%	1.5%	1.4%	1.5%
Political and Security Council Affairs	6.5%	6.9%	8.1%	7.9%
Economic, social and humanitarian affairs	27.4%	27.8%	28.6%	29.4%
International justice and law	1.6%	2.0%	2.0%	2.1%
Public information	4.3%	4.6%	5.1%	5.2%
Common support services	38.1%	35.1%	34.8%	35.7%
Staff assessment cost	15.4%	15.8%	14.3%	13.6%
Capital and special expenditures	3.2%	6.3%	5.7%	4.6%
Total	100.0%	100.0%	100.0%	100.0%

Percent of expenditure by functional category

Functional category	1990-1991	1992-1993	1994-1995	1996-1997
Salaries and related personnel costs	79.3%	79.0%	80.3%	80.9%
Travel	2.0%	1.8%	2.1%	1.9%
Contractual services	2.1%	2.1%	2.3%	2.4%
Operating expenses	9.4%	9.2%	9.3%	9.1%
Acquisitions	4.7%	5.3%	3.4%	2.6%
Grants and other	2.5%	2.6%	2.6%	3.1%
Total	100.0%	100.0%	100.0%	100.0%

14. Schedules 5.1 and 5.2 present the details of general income and net income from revenue-producing activities, which totalled $90.0 million in the 1996-1997 biennium. This was $11.0 million, or 13.9 per cent, higher than the final budgeted amounts for 1996-1997 and 31.9 per cent higher than the total of $68.2 million received during the previous biennium.

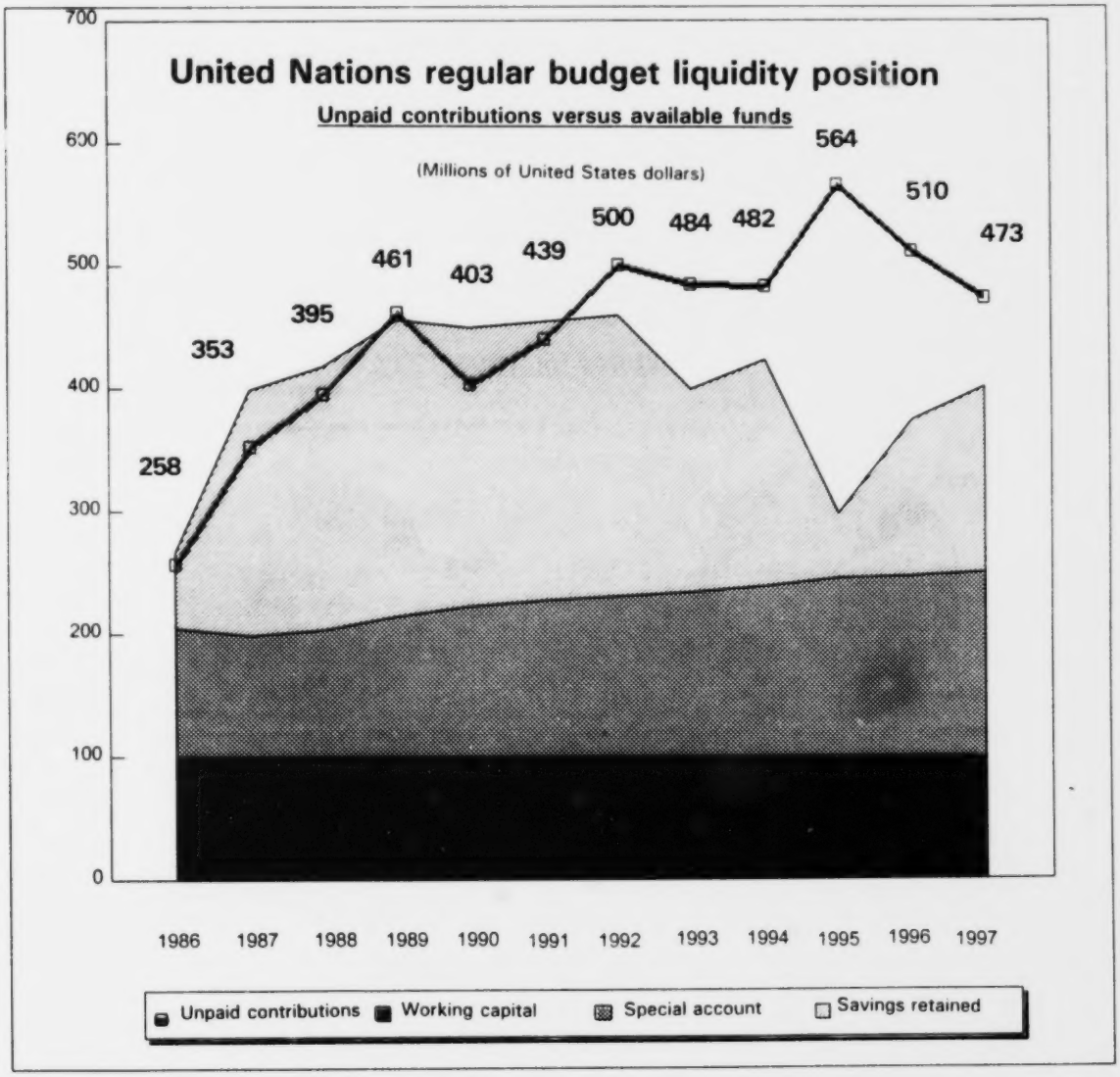
15. At the end of 1997 the General Fund had authorized retained surpluses totalling $68.4 million. There are also surpluses and savings on the liquidation of prior period obligations in the biennium 1996-1997, which totalled $89.6 million. Of this amount $9.3 million representing the unspent balance of appropriations for the biennium 1996-1997 has been approved by the General Assembly for projects to be undertaken in the biennium 1998-1999. The balance of $80.3 million will be available to offset against the assessments of Member States in 1999, unless the General Assembly should choose at its fifty-third session to suspend certain financial regulations, as has been done on occasion in the past. The suspension of financial regulations concerning the distribution of budgetary surpluses has been one way in which the Organization has been able to offset shortfalls in cash receipts due to late payment or non-payment of assessed contributions by certain Member States.

16. Schedule 5.3 of the financial statements includes the full listing of assessed contributions unpaid for the regular budget, which totalled $473.5 million at the end of 1997. This was $90.5 million, or 16.0 per cent, lower than the level of unpaid assessments at the end of 1995 and far exceeds the $89.6 million fund balance for the regular budget. The General Fund continued to be unable to transfer an amount of $57.6 million due to the United Nations Peacekeeping Reserve Fund by the terms of its establishment. In addition, by the end of 1997, the General Fund had to borrow a total of $120.0 million from peacekeeping funds in order to continue operations.

17. The impact of the continuing failure of Member States to pay their assessed contributions in full and on time is illustrated in Figure 3, which compares the amounts of unpaid assessments over time with the primary sources of cash reserves for the regular budget, namely, budgetary savings in past bienniums not yet returned to Member States, the Working Capital Fund and the Special Account.

While these sources of cash reserves were more or less sufficient to cover the level of unpaid contributions during the years from 1985 through the early 1990s, in recent years they have not been sufficient. It has become increasingly necessary for the regular budget to borrow substantial amounts from peacekeeping missions with available cash.

Figure 3

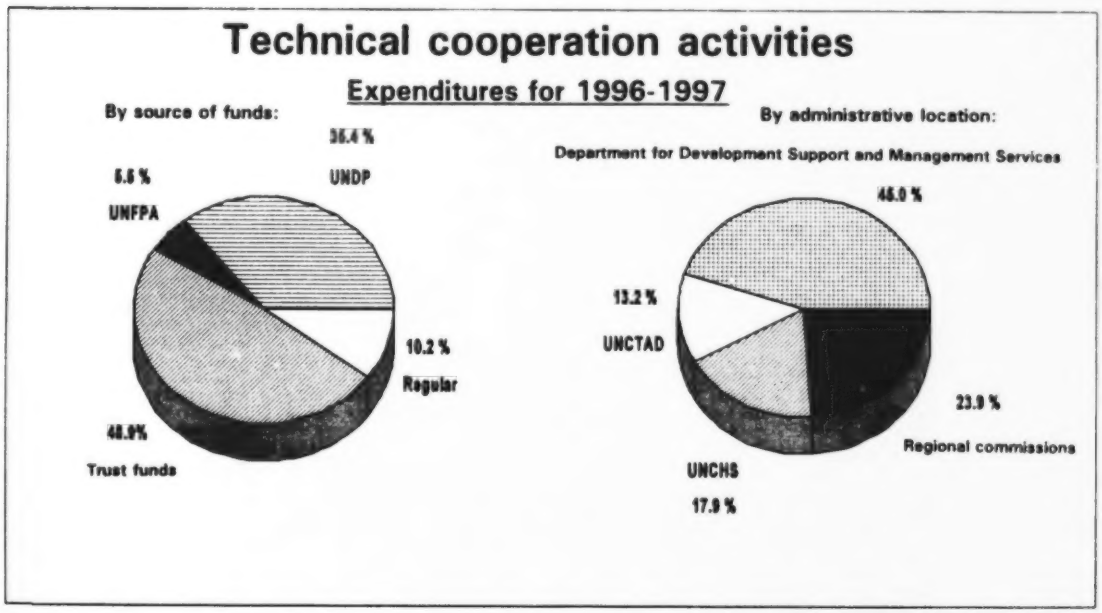


D. Technical cooperation activities

18. Statement VIII records United Nations activities in the field of technical cooperation. About 38.7 per cent of all technical cooperation activity during the biennium 1996-1997 was financed by the United Nations Development Programme (UNDP) and the United Nations Population Fund (UNFPA), with the remainder being financed through technical cooperation trust funds and the regular programme of technical cooperation portion of the United Nations regular budget (sect. 20).

19. Total expenditures for technical cooperation activities were $364.1 million for the biennium 1996-1997 (including $36.9 million provided by the United Nations regular budget), representing a decrease of $3.9 million from the biennium 1994-1995. Figure 4 shows technical cooperation expenditures by fund source and by administrative location.

Figure 4



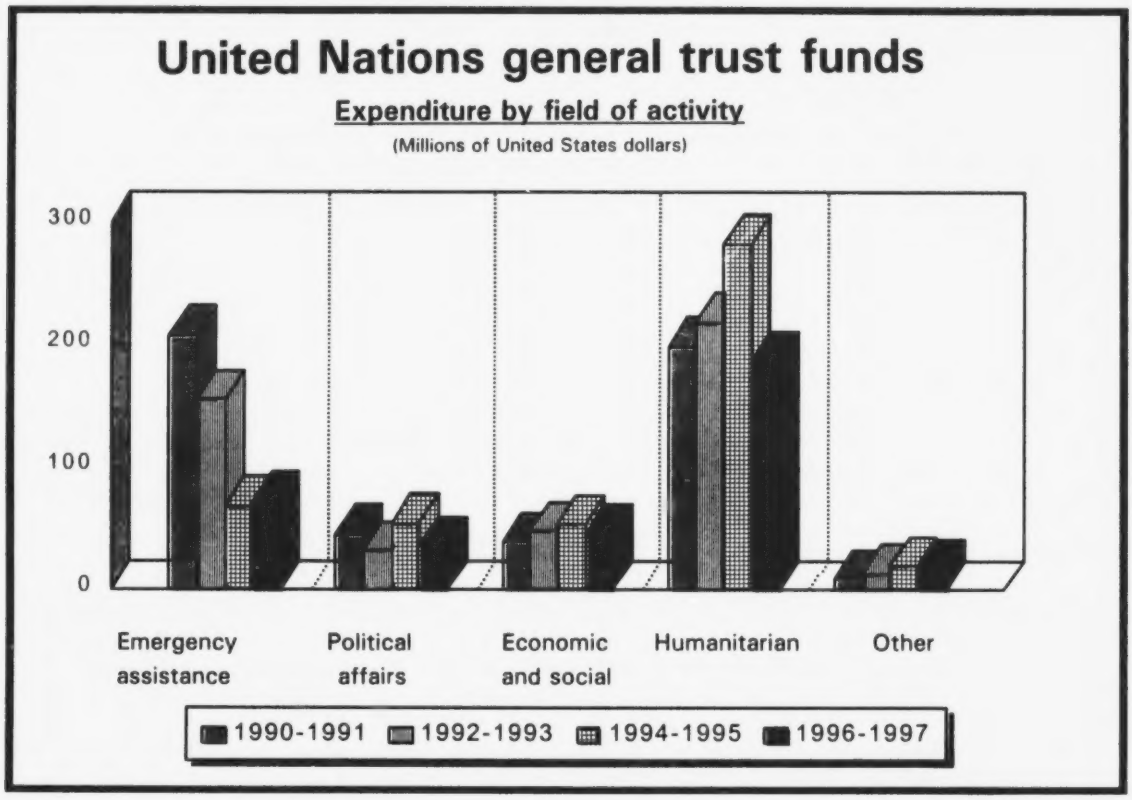
E. General trust fund activities

20. A consolidated summary of the 189 general trust funds under the direct responsibility of the Secretary-General is included in statement IX. In the biennium 1996-1997, 26 general trust funds were established and 10 funds were closed. Various trust funds have been established to support or supplement the substantive work programme of the Organization or to contribute to activities of humanitarian or relief assistance. Other extrabudgetary activities, namely, the voluntary funds of the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the Fund of the United Nations Environment Programme (UNEP), the Habitat and Human Settlements Foundation, the United Nations University (UNU), the United Nations Institute for Training and Research (UNITAR), the International Trade Centre (ITC) and the United Nations International Drug Control Programme are reported to the General Assembly separately and are not included in the accounts of the United Nations.

21. Total expenditures for all general trust funds, $356.2 million, were 25.2 per cent lower than the comparable total of $476.3 million for the biennium 1994-1995. This decrease was due primarily to decreases in expenditures for humanitarian activities. Total income was $408.9 million during the biennium 1996-1997, of which $315.2 million represented contributions by Governments. In the biennium 1994-1995 such contributions by Governments totalled $289.6 million, a reduction of 8.1 per cent.

22. Six large funds accounted for 49.8 per cent of total expenditures for all general trust funds, namely, the Trust Fund for Disaster Relief ($60.3 million), the Afghanistan Emergency Trust Fund ($39.1 million), the Trust Fund for Enhancement of UNSMIH Capacity ($27.0 million), the Voluntary Trust Fund for Assistance in Mine Clearance ($17.3 million), the Trust Fund for the Restoration of Essential Services in Sarajevo ($18.7 million) and the Trust Fund for Humanitarian Relief in Iraq ($19.7 million). Summary data on all trust funds is contained in schedule 9.1. Figure 5 illustrates trust fund expenditures by field of activity for the last four bienniums.

Figure 5



F. Other special funds

23. Statements X through XXI include individual funds established by the United Nations for various special purposes. A description of each of these funds or group of funds and how they function is included in the notes to the financial statements.

24. Programme support costs are monies earned by the United Nations for the performance of certain functions related to substantive and administrative support of technical cooperation activities, trust fund activities and administrative structures such as UNDP and the United Nations Children's Fund (UNICEF). The programme support accounts exist so that the United Nations regular budget does not have to cover undue direct and indirect costs of the various extrabudgetary activities. Statement XVI records the activity in the programme support cost accounts, with the exception of the support account for peacekeeping operations, which is reported in the United Nations financial statements for peacekeeping operations.

25. Overall income for non-peacekeeping-related programme support totalled $108.5 million for the biennium 1996-1997, a 17.0 per cent increase over the previous biennium total of $92.7 million. Expenditures from the non-peacekeeping support accounts totalled $85.4 million, a 17.8 per cent decrease from the 1994-1995 figure of $104.1 million.

ANNEX

Supplementary information

1. The present annex includes an explanation of the double-counting contained in the financial statements along with supplementary tables and information that the Secretary-General is required to report.

Double-counting in the financial statements

2. The United Nations financial statements for individual funds contain elements of double-counting of income and expenditure totalling $516.3 million, which are detailed in the following paragraphs. These amounts have been eliminated from the income and expenditure figures shown in the total columns of statement I.

(a) Expenditures in statement V (United Nations General Fund) include $36.9 million relating to the regular programme of technical cooperation shown as income in statement VIII (technical cooperation activities), $15.4 million shown as income in statement XVIII (construction in progress and Integrated Management Information System (IMIS), and $0.4 million shown as income in statement XX (funds held in trust).

(b) The special accounts for programme support costs (statement XVI) derive their income in part from levies made on other United Nations funds. Statement VIII (technical cooperation activities) includes $29.3 million as expenditure and statement IX (general trust funds) includes $23.3 million as expenditure for the amounts transferred as income to the special accounts for programme support costs.

(c) The United Nations escrow account (statement X) includes as expenditure $6.6 million transferred as income to the United Nations Compensation Commission (statement XI), $18.1 million transferred as income to the special account for activities approved under Security Council resolutions 687 (1991) and 706 (1991) (statement XII), and $17.2 million transferred as income to the Trust Fund for Humanitarian Relief in Iraq (schedule 9.1).

(d) Expenditures of $356.5 million in statement V (United Nations General Fund), $7.7 million in statement XIV (International Tribunal for the former Yugoslavia) and $4.7 million in statement XV (International Criminal Tribunal for Rwanda), all for staff assessment costs, are also shown as income in statement XIX (Tax Equalization Fund).

Cash and investments

3. The cash and investment figures shown in the financial statements represent operational cash held at Headquarters and at other offices and projects outside New York, as well as interest-bearing bank deposits and other investments. The detailed breakdown is shown in the following table (in millions of United States dollars):

	Operational cash balances	Interest-bearing accounts	Other investments	Total
General Fund, Working Capital Fund and Special Account	17.8	23.0	-	40.8
Technical cooperation activities	21.8	68.7	-	90.5
General trust funds	8.1	355.4	2.4	365.9
Other special purpose funds	48.5	843.6	17.8	909.9

Contributions to the regular budget received in currencies other than United States dollars

4. The Secretary-General is authorized by the General Assembly to accept a portion of the assessed contributions of Member States in currencies other than United States dollars. Based on the United Nations actual requirements for various currencies, the dollar equivalents of the following payments in such currencies were accepted in respect of the bienniums 1996-1997 and 1994-1995.

Member State	Currency	1994-1995	1996-1997
Barbados	dollars	109 278	215 278
Comoros	francs	-	26 093
Cyprus	pounds	-	445 588
Egypt	pounds	480 000	1 249 564
Ethiopia	birr	109 278	107 341
Gambia	alasis	118 032	-
Guyana	dollars	47 007	48 183
India	rupees	201 147	411 135
Kenya	shillings	406 362	-
Morocco	dirhams	334 465	629 926
Pakistan	rupees	659 281	1 291 669
Paraguay	guranies	-	106 508
Portugal	escudos	164 400	485 370
Seychelles	rupees	-	118 832
Sierra Leone	leones	325	-
Syrian Arab Republic	pounds	-	605 952
Tajikistan	roubles	-	45 822
Trinidad and Tobago	dollars	484 620	982 958
Total		3 114 195	6 770 219

Write-off of losses of cash and receivables

5. In accordance with financial rule 110.14, the Controller, or when required the Secretary-General, after full investigation, has approved write-offs for the biennium 1996-1997 totalling $1,670,320. In each case it was determined in the light of the facts known at the time that: (a) the responsibility for the loss could not be fixed and attached to any official of the United Nations, (b) every effort had been made to collect the amounts due, and (c) further collection efforts would be fruitless. A breakdown of those write-offs by type is shown in the following table for the current and previous bienniums (in United States dollars):

	1994-1995	1996-1997
United Nations General Fund	295 441	1 641 658
Technical cooperation activities	31 481	27 358
General trust funds	-	-
Programme support costs	783	529
Other special accounts	467	775
Total	328 172	1 670 320

6. In line with General Assembly resolution 47/227 of 8 April 1993 authorizing the cancellation of the debt of the United Nations Institute for Training and Research (UNITAR) to the United Nations and coverage of its financial obligations for 1992, deficits of $283,215 under UNITAR special-purpose grants on the books at that time have been charged against the United Nations regular budget surplus account. Operating costs of $94,382 incurred in 1993 for the UNITAR building have been approved and reported as a prior period adjustment.

Write-off of losses of property

7. Property losses at Headquarters and offices away from Headquarters amounting to $18,151,472 (based on their original costs) were written off in accordance with financial rule 110.15 during the biennium 1996-1997. Those write-offs brought the recorded balances of the properties to the same levels as those shown in the property records for the actual quantities on hand. The details of the amounts written off were reported to the Board of Auditors in accordance with the provisions of financial rule 110.10 (b).

Ex gratia payments

8. Ex gratia payments totalling $787,892 were made in accordance with financial regulation 10.3 during the biennium 1996-1997. Details of those payments were provided to the Board of Auditors.

CHAPTER II. REPORT OF THE BOARD OF AUDITORS

Summary

The Board of Auditors has audited the operations of the United Nations at its Headquarters in New York, at the United Nations offices away from Headquarters in Addis Ababa, Bangkok, Beirut, Geneva, The Hague, Kingston, Nairobi, Santiago, Santo Domingo and Vienna, as well as at the International Criminal Tribunal for Rwanda. The Board also validated the financial statements of the United Nations for the biennium ending 31 December 1997. In addition, the Board addressed the special requests contained in General Assembly resolutions 51/231 of 13 June 1997 and 52/218 of 22 December 1997 concerning completion of the new Procurement Manual and ex gratia payments to judges of the International Criminal Tribunal for Rwanda.

The Board's main findings are as follows:

(a) Arrears in assessed contributions of $473 million as at 31 December 1997 had been reduced as compared with $564 million as at 31 December 1995, but still represented nearly 19 per cent of the total assessed contributions. As at the end of the biennium 1996-1997, the United Nations General Fund had borrowed $58 million from the peacekeeping reserve fund and another $120 million from peacekeeping funds relating to three missions;

(b) For the United Nations General Fund the trial balance figures for both accounts receivable and accounts payable were substantially higher ($127.4 million) than the respective figures appearing in the financial statements. In certain cases, when the Organization received a sum in full or partial settlement of an item of accounts receivable, the Integrated Management Information System (IMIS) was not able to match or co-relate the sum with the corresponding item of accounts receivable; instead IMIS recorded the sum as an account payable by the United Nations;

(c) The new Procurement Manual provided guidelines on methods of invitation to bid, but they did not cover open tendering;

(d) A fully integrated career development system had not been developed as at June 1998;

(e) No review had been undertaken to see whether the elimination of 59 posts, as envisaged when the United Nations Office at Nairobi was established, was actually achieved;

(f) For some United Nations organizations, services were provided free of charge by the United Nations offices at Geneva and Vienna, and there was no incentive for those organizations to moderate their demands on the services;

(g) Most of the critical information technology systems are proposed for migration to IMIS. This makes it imperative that IMIS be implemented in all the offices away from Headquarters with sufficient lead time to address any deficiencies. All data interfaces with other systems that are not year 2000 compliant also need to be taken care of.

The key recommendations are:

(a) The Administration should integrate all accounting systems with IMIS as a matter of priority;

(b) The Administration should modify Release 3 of IMIS to avoid the necessity of introducing substantial adjustments of accounts receivable and accounts payable outside IMIS, to provide detailed information about debtor/creditor identity in respect of each item of accounts receivable and accounts payable and enable the Organization to actively pursue recovery, especially in long-outstanding accounts;

(c) Guidelines for open tendering should be included in the Procurement Manual, and the Manual should specify the frequency at which the Supplier Review Committee should review the evaluation of the potential suppliers;

(d) The Administration should formulate and implement a strategy for career development without further delay;

(e) A review should be undertaken to see whether the elimination of 59 posts as envisaged when the United Nations Office at Nairobi was established was actually achieved;

(f) Consideration should be given to establishing a system whereby users of common services provided by the United Nations offices at Geneva and Vienna should be required to pay for such services, based on cost apportionment;

(g) The Administration should monitor and accelerate the pace of preparedness for managing the year 2000 issue. All systems, including those that are considered year 2000 compliant because of their recent development, should be completely tested for compliance with sufficient lead time to address any deficiencies to avoid any surprise at the turn of the century. IMIS should also be formally tested for year 2000 compliance. Contingency plans should be formulated and planned for all critical systems.

A list of the Board's main recommendations is included in paragraph 11 of the report.

A. Introduction

1. The Board of Auditors has audited the financial statements of the United Nations for the period from 1 January 1996 to 31 December 1997 in accordance with General Assembly resolution 74 (I) of 7 December 1946. The audit was conducted in accordance with article XII of the Financial Regulations and Rules of the United Nations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency (IAEA). The auditing standards require that the Board plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the expenditures recorded in the financial statements for the period from 1 January 1996 to 31 December 1997 had been incurred for the purposes approved by the General Assembly, whether income and expenditures were properly classified and recorded in accordance with the Financial Regulations and Rules and whether the financial statements of the United Nations presented fairly the financial position as at 31 December 1997. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent the Board considered necessary to form an opinion on the financial statements.

3. The audit was carried out at United Nations Headquarters, at the United Nations offices away from Headquarters at Addis Ababa, Bangkok, Beirut, Geneva, The Hague, Kingston, Nairobi, Santiago, Santo Domingo and Vienna, as well as at the International Criminal Tribunal for Rwanda.

4. In addition to the audit of the accounts and financial transactions, the Board carried out reviews under financial regulation 12.5. The reviews concerned the efficiency of financial procedures, the internal financial controls, the provision of common services, the United Nations Compensation Commission and, in general, the administration and management of the United Nations, including reviews of procurement of goods and services, property management, common services and cash management.

5. The present report also addresses, in paragraphs 99 to 104 and 198 to 206, the special requests contained in General Assembly resolutions 51/231 of 13 June 1997 and 52/218 of 22 December 1997 concerning completion of the new Procurement Manual and ex gratia payments to judges of the International Criminal Tribunal for Rwanda.

6. The Board continued its practice of reporting the results of specific audits through management letters containing detailed observations and recommendations to the Administration. This practice helped to maintain an ongoing dialogue with the Administration on audit issues. The Board also maintained continuing cooperation with the Joint Inspection Unit and the Office of Internal Oversight Services.

7. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations on all matters contained in the present report were communicated to the Administration, which confirmed the facts on which the Board's observations and conclusions are based and provided explanations and answers to the Board's

queries. The report is divided in two parts, one covering the audit of financial issues and the other the audit of management issues.

8. A summary of the Board's main recommendations are reported in paragraph 11. The detailed findings of the audit are discussed in paragraphs 12 to 225.

1. Previous recommendations not fully implemented

9. In accordance with paragraph 7 of the General Assembly resolution 51/225 of 3 April 1997, the Board has highlighted separately below those recommendations that have not been fully implemented by the Administration. The years shown in parentheses (from the biennium 1990-1991) are those in which the recommendations were made by the Board:

(a) Address the deficiencies in hiring, granting remunerations and performance evaluation of experts and consultants (1990-1991 and 1994-1995);

(b) Develop and implement a career development system (1992-1993).

10. In accordance with General Assembly resolution 48/216 B of 23 December 1993, the Board also reviewed the measures taken by the Administration to implement the recommendations made in its report for the period ending 31 December 1995.[1] Details of the actions taken and the comments of the Board are set out in the annex to the present report.

2. Main recommendations

11. The Board's main recommendations are that the Administration:

(a) Improve monitoring to ensure that final expenditures by each section and responsibility centre are as close as possible to the allotments issued for the biennium (para. 27);

(b) Integrate all accounting systems with the Integrated Management Information Service (IMIS) (para. 32);

(c) Modify Release 3 of IMIS to avoid the necessity of introducing substantial adjustments of accounts receivable and accounts payable outside IMIS; provide detailed information about debtor/creditor identity in respect of each item of accounts receivable and accounts payable; and enable the Organization to actively pursue recovery, especially in long-outstanding accounts (para. 39);

(d) Plan its major maintenance work sufficiently in advance in order to avoid exigency contracts, to give adequate time for the approval process, to obtain competitive bids and to have sufficient time to vet the background of the contractors and vendors (para. 79);

(e) Ensure that prospective bidders have sufficient time to respond (para. 94);

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[1] Official Records of the General Assembly, Forty-ninth Session, Supplement No. 5 (A/49/5), vol. I, sect. II.

(f) Include guidelines for open tendering in the Procurement Manual and specify in the Manual the frequency at which the Supplier Review Committee should review the evaluation of potential suppliers (para. 104);

(g) Finalize the special emergency rules and procedures on humanitarian assistance without further delay (para. 108);

(h) Formulate and implement a strategy for career development without further delay (para. 113);

(i) Undertake a review to see whether the elimination of 59 posts as envisaged when the United Nations Office at Nairobi was established was actually achieved (para. 121);

(j) Consider establishing a system whereby users of common services should be required to pay for such services on a cost-apportionment basis (para. 131);

(k) Request the United Nations offices at Geneva and Vienna to adopt the set of key performance indicators proposed by the Secretary-General for conference services and to develop performance indicators to cover other services (para. 138);

(l) Establish the conference centres of the Economic Commission for Africa (ECA) and the Economic and Social Commission for Asia and the Pacific (ESCAP) as separate cost centres, with all costs associated with their operation apportioned to them for more accurate determination of their profitability (para. 162);

(m) Monitor and accelerate the pace of preparedness for managing the year 2000 issue; completely test for compliance all systems, including those that are considered year 2000 compliant because of their recent development, with sufficient lead time to address any deficiencies, to avoid any surprise at the turn of the century; formally test IMIS for year 2000 compliance; formulate contingency plans for all critical systems (para. 218).

B. Financial issues

1. Financial statements

United Nations accounting standards

12. The Board assessed the extent to which the financial statements of the United Nations for the biennium ending 31 December 1997 conform to the United Nations accounting standards. The review indicated that the presentation of the financial statements for the biennium 1996-1997 is generally consistent with the standards.

2. Cash flow and liquidity

Arrears in assessed contributions

13. The Board noted that as at 31 December 1997, assessed contributions of $473 million for the United Nations General Fund remained unpaid as compared to unpaid assessed contributions of $564 million as at 31 December 1995. The

Board is concerned that the total unpaid assessed contributions represented nearly 19 per cent of the total assessed contributions as at 31 December 1997.

14. Apart from depending on the Working Capital Fund and the Special Account to meet shortfalls in income for the regular budget, the United Nations General Fund, as in preceding years, had to borrow from peacekeeping funds. As at 31 December 1997 it had borrowed $58 million from the peacekeeping reserve fund and another $120 million from peacekeeping funds relating to three missions; this compares favourably with the borrowing of $58 million and $176 million from the peacekeeping reserve fund and other peacekeeping funds respectively as at 31 December 1995. The Board noted that the Office of Legal Affairs had provided a legal opinion to confirm the legality of borrowing from peacekeeping operations.

15. The revised United Nations accounting standards stipulate that income from assessed contributions represents a legal obligation of contributors as from the date when it becomes due. However, under the standards, provision may be made for delays in the collection of the income so recognized and disclosed in accordance with the formats of the financial statements; such provision shall be 100 per cent of the unpaid contributions at the date of the financial statements at the end of the financial period.

16. The Administration stated that it is legally binding on Member States to pay their share of assessed contributions within a reasonable period after notification of the assessment and, as a matter of policy, it does not make provision for delays in the payment of amounts due.

Special accounts for the sale of United Nations bonds

17. In the financial statements for the biennium ending 31 December 1995, an account receivable of $44 million was shown as amounts due from two closed missions: the United Nations Operations in the Congo (ONUC) and the United Nations Emergency Force (UNEF). In its report on the accounts for the biennium 1994-1995, the Board had recommended early resolution of the issue in view of the age of the balances and the amortization of the principal amount of the United Nations bonds. The Administration had stated that closure of those two old accounts would require the write-off of the uncollected assessed contributions in UNEF and ONUC, which would be subject to the approval of the General Assembly. The Board noted that the status of those two accounts had remained unchanged at the close of the biennium ending 31 December 1997.

18. The Administration stated that it was in the process of preparing a separate report to the General Assembly requesting a decision on the matter.

3. Budgetary control

Overall position

19. The Board noted that the original programme budget of $2.76 billion for the 1996-1997 biennium was initially reduced to $2.60 billion in December 1996 and further reduced to $2.54 billion in January 1998. Against this the overall expenditure was $2.53 billion, which was lower than that during the previous biennium by $100 million.

Budgetary control at the section level

20. In 3 out of 35 budget sections, the Administration obtained additional resources ($1.8 million), but at the end of the biennium the surplus in each of them (a total of $4.0 million) was more than the additional resources sought. In eight other budget sections, in which the allotments were reduced by $9.8 million, there were substantial savings ($8.1 million) even against the reduced provisions. In two other budget sections, the allotments were increased by $1.6 million, but the assessments of additional requirements were inaccurate, as reflected by excess expenditures of $6.0 million over the final appropriations.

21. The Board also noted that in the second budget performance report, which was presented to the General Assembly in December 1997, the Administration surrendered $12.9 million under section 32, Staff assessment, while under section 3, Peacekeeping operations and special missions, it enhanced the allotments by $17.3 million. The final expenditure disclosed that the assumptions for both the reduction of allotment under staff assessment and the increase under peacekeeping operations and special missions were inaccurate, as more than 76 per cent of the enhanced provision for peacekeeping operations and special missions had to be transferred later to staff assessment.

22. The Board considers that the budget control mechanism at the section level needs further refinement. The Administration stated that it intended to address those problems with the certifying officers in the course of implementing the programme budget for 1998-1999 and to continue to monitor and analyse expenditure patterns in order to avoid significant variations between allotments and expenditures.

23. The Administration also stated that the final appropriations approved by the General Assembly on the basis of the second budget performance report reflected actual expenditure for the first 18 months of the biennium and the projected requirements for the last six months and added that the level of expenditures was influenced both by programme changes and application of costing parameters. The Administration, agreed, however, that there was a need to enhance further the budgetary projections, planning and analysis of cost estimates and improvement of costing parameters; the Administration intended to pursue the issue further, in cooperation with the programme managers. The Board urges the Administration to consider further the Board's recommendation made in its report for the biennium 1994-1995 that the budget performance reports presented to the General Assembly be modified to reflect the actual expenditures and projections closer to the end of the biennium in the context of IMIS Release 3.

Budgetary control at the level of responsibility centres

24. The Board, in its report for the biennium 1994-1995, had recommended that budgetary control at the level of responsibility centres should be improved through closer scrutiny with the generation of exception reports. However, in the biennium 1996-1997 there were variations between allotments and expenditures at the level of responsibility centres. Expenditure exceeded the allotment by more than $1 million in each of seven cases while in a further nine the excess expenditure was more than $100,000 each.

25. The Board noted that in seven other responsibility centres there were savings of more than $1 million each. In five responsibility centres, the

uncommitted balances were more than 50 per cent of the allotment, while in one case it was as high as 99 per cent.

26. The Board considers that in view of the large savings and over-expenditures in the individual responsibility centres there was scope to strengthen budgetary control at the level of responsibility centres. The Administration stated that within a budget section, under which a number of responsibility centres can be created, there are no restrictions on the Secretary-General with respect to redeployment of funds. The Administration added that during the second budget performance report and closing exercise difficulties had been experienced in estimating the final requirements at the responsibility centre level due to a time lag in expenditure reporting by field offices, in particular with respect to staff costs, which are not controlled at the allotment level; the problem had been compounded by difficulties encountered during the implementation of IMIS. The Administration further stated that implementation of the recommendations of the Board regarding budgetary control in its report for the biennium 1994-1995 had been kept in abeyance in view of its commitment to identify and achieve savings of $154 million as mandated by the General Assembly.

27. The Board recommends that the Administration improve monitoring to ensure that final expenditures by each section and responsibility centre are as close as possible to the allotments issued for the biennium.

28. The Board also noted that in four trust funds the over-expenditures were more than $1 million each, while in three trust funds the under-expenditures were more than $1 million each.

4. Issues related to the Integrated Management Information System

Different systems followed by various organizations

29. The Board noted that with the introduction of Release 3 of IMIS, from 1 April 1996, IMIS became the sole accounting system at United Nations Headquarters. The offices away from Headquarters have continued using the general accounting system. Similarly, several other accounting subsystems, such as payroll, have been using the general accounting system. The budget was processed through the budget information system. The Board learned that several bridges were introduced to integrate those systems into IMIS.

30. While the earlier systems had followed a set of general ledger codes, the structure and nomenclature of those codes have undergone changes in IMIS. The Board also observed that the revised allotment account codes as envisaged in the Allotment Account Codes Handbook for 1996-1997 are different from those followed by IMIS. This situation necessitated interaction among the three systems, the general accounting system, the budget information system and IMIS, particularly in offices using two different accounting codes. According to the Administration, although bridges have been established among the three systems, IMIS has at times triggered system and application errors in processing budgetary and accounting transactions.

31. The Administration informed the Board that it was taking steps to introduce the use of IMIS codes for trial balances of offices away from Headquarters and to discontinue the use of the general accounting system for processing inter-office vouchers.

32. In view of the problems encountered, the Board recommends that the Administration integrate all accounting systems with IMIS as a matter of priority.

Accounts receivable and payable

33. The Board noted that for the United Nations General Fund the trial balance figures for both accounts receivable and accounts payable were substantially higher ($127.4 million) than the respective figures appearing in statement V of the financial statements.

34. This difference indicated that adjustments had been made between accounts receivable and accounts payable to the extent of $127.4 million without reflecting the same in the books of accounts. The Board also noted that those adjustments were done without matching the individual debtor/creditor records.

35. The Administration stated that unless credits were used to offset receivable documents, they could be posted to only one of the accounts payable, and given the time constraints and the amount of research needed for the significant number of receivables and payables on record in IMIS, it was not possible to book each adjustment.

36. This indicated the inability of IMIS to match an item of receivable or payable with the transaction through which the payment was actually made. When, for example, the Organization received a sum in full or partial settlement of an item of accounts receivable, in certain cases IMIS was not able to match or co-relate the sum with the corresponding item of accounts receivable; instead IMIS recorded the sum as an account payable by the United Nations. As a result, instead of the original receivable being reduced, a new account payable was created. Although the Administration made adjustments to match receivables and payables, debtor/creditor identity was not available in a large number of cases. As a result, adjustments were made solely on the basis of debtor/creditor type, for example on the basis of the category "member staff" instead of on the basis of individual members of staff. The Board was concerned that IMIS as a system did not match individual transactions. Because of the absence of debtor/creditor identity in a large number of receivables/payables as recorded in the IMIS database, the Board questions the ability of the Administration to follow up and collect overdue accounts receivable and to maintain proper control over accounts payable.

37. The Administration acknowledged that there were classification problems in IMIS and had requested enhancements thereto in order to be able to retrieve information more readily. The Administration also stated that in preparing the December 1997 statement, the use of the provisional offset reports provided it with adequate information to assist in preparing various adjusting entries to reclassify balances. It also informed the Board that an offset report from IMIS was expected in time for the financial reporting for June 1998, which will enable identification of balances relating to individual payees and net those balances for reporting purposes.

38. The Department of Public Information monitored its accounts receivable through records maintained independently of IMIS. This enabled the Board to establish that as at 31 October 1997, $1.7 million was receivable from 960 customers in respect of sales of publications. Of that amount, $0.41 million was outstanding for over two years.

39. The Board recommends that the Administration modify Release 3 of IMIS (a) to avoid the necessity of introducing substantial adjustments to accounts receivable and accounts payable outside IMIS; (b) to provide detailed information about debtor/creditor identity in respect of each item of accounts receivable and accounts payable; and (c) to enable the Organization to actively pursue recovery, especially in long-outstanding accounts.

Inter-office vouchers

40. United Nations offices use the inter-office voucher system to recharge other United Nations offices when they make payments on their behalf. The United Nations Accounting Manual requires that inter-office vouchers be reflected promptly and as accurately as possible in the financial reports and statements.

41. At United Nations Headquarters, the Board noted that statement V of the financial statements as at 31 December 1997 included an asset of $21.79 million under "inter-office transactions pending processing". That amount represented only the net balance of the inter-office voucher clearing account. Similarly, statement IX for general trust funds includes a net asset of $1.6 million under the same heading.

42. The Board was concerned that the financial statements did not disclose the full extent of inter-office transactions pending processing, since the gross amounts were not reflected.

43. The Administration stated that a substantial backlog existed in the reconciliation of inter-office vouchers during the biennium 1996-1997, mainly because priority was given to processing budgetary charges and other transactions transmitted by such vouchers; the only workable solution under the circumstances was to show a net balance.

44. At the United Nations Office at Geneva, the Board noted that from November 1997, United Nations Headquarters changed the procedures such that inter-office vouchers were accompanied by only brief descriptions of their nature; full supporting documentation was attached to an inter-office voucher only when Headquarters considered that the brief description was insufficient. The first set of inter-office vouchers that Headquarters sent to Geneva under the new procedures included a backlog listing all transactions from April 1996 to August 1997, partly resulting from delays in the introduction of IMIS.

45. The Board reviewed the documentation supporting those vouchers and found that 400 transactions, representing a gross amount of $5.4 million (net $2.8 million), contained insufficient information for the Geneva Office to readily identify the transaction. Of those amounts, inter-office vouchers with a gross value of $4.4 million (net $3.5 million) had remained unidentified and had been incorrectly classified as deferred charges within statement V of the United Nations financial statements.

46. The Administration informed the Board that guidelines had been issued to ensure that complete supporting documentation was transmitted and that it proposed to simplify the processing of inter-office vouchers.

47. At ESCAP, 225 inter-office vouchers amounting to $1.67 million had not been processed as at 31 December 1997. The management attributed the delay to staffing problems and informed the Board that it had taken steps to reduce the

number of inter-office vouchers not processed as at 30 June 1998 to 35, amounting to $0.05 million.

48. The Board recommends that: (a) United Nations Headquarters review the level of supporting information provided with inter-office vouchers to ensure that sufficient details are included to enable the transactions to be verified and properly recorded; (b) United Nations Headquarters and the United Nations Office at Geneva monitor and reconcile the inter-office vouchers on a more regular basis so that by the end of a given financial period such transactions would be properly reflected in the accounts; (c) the financial statements show the inter-office vouchers in gross terms, properly classified as transactions awaiting processing.

5. Cash management at the United Nations Office at Nairobi

49. At the United Nations Office at Nairobi the cash flow forecasts required under section 7.8 of the Finance Manual were not prepared during the biennium 1996-1997. Consequently there was no proper system to determine the cash needs of the organization, to plan for those needs, to ascertain surplus cash available and to invest it to maximize the return on idle funds.

50. The Board recommends that cash flow forecasting statements be prepared and effectively used as a tool for cash management.

6. Pledges

51. At ECA, as at 30 September 1997, a total of $2.67 million in respect of contributions receivable included $2.29 million for the United Nations Trust Fund for African Development (UNTFAD) and $0.38 million for the United Nations Transport and Communication Decade in Africa (UNTACDA). Those amounts included overdue pledges of $215,040 for UNTACDA and $264,110 for UNTFAD, which had been outstanding prior to 1993 and 1987 respectively. Seven war-torn countries facing precarious economic conditions had accumulated UNTACDA arrears of pledges totalling $190,809 for 5 to 10 years. Due to the non-payment of outstanding pledges, ECA discontinued all the projects funded from the UNTACDA II Trust Fund in 1996.

52. According to the Administration, several attempts to collect those pledges had failed because of the growing national debts and declining economies of some donor countries.

53. The revised United Nations accounting standards state that prudent financial management requires that when the collection of a pledge is in doubt, a provision may be made for it in the accounts. A write-off action will be required in specific cases where a pledge is deemed uncollectible. The Board noted that ECA had made proposals to United Nations Headquarters for a write-off of UNTFAD unpaid pledges from 1993 to 1997 totalling $412,618, including the pledges of $190,809 from war-torn countries. The Board considered that it would be more appropriate if the organization, before taking write-off action, first made a provision for the doubtful pledges in line with the standards for the remaining unpaid pledges of $221,809 to be written off, and therefore recommends

that continued efforts be made by the Administration to recover those outstanding pledges.

54. The Administration agreed to do so.

7. Advances to executing agencies

55. At Headquarters, the Board noted from the financial statements for the biennium ending 31 December 1997 (statement IX), that the executing agencies had not furnished accounts for $33.94 million for operating funds provided to them. The Board's analysis disclosed that out of $20.08 million for which the details were available at United Nations Headquarters, the accounts for $8.30 million were outstanding for over two years.

56. Similarly, at the United Nations Office at Geneva, of the outstanding advances of $17.5 million to agencies, $4 million was outstanding for over two years. The value of outstanding advances had increased by 54 per cent, from $10.8 million at the end of 1995.

57. The Board recommends that the Administration review the status of outstanding advances to executing agencies, particularly the old items, and obtain the relevant accounts. The Administration should also institute measures to ensure that executing agencies provide accounts on a regular basis.

8. Bank reconciliations

58. The Board reviewed the reconciliation statements on the 11 bank accounts operated by ECA and followed up the action taken to address the bank reconciliation deficiencies highlighted by the Office of Internal Oversight Services in April 1997. Because of inadequate segregation of duties and weak cash management at ECA, reconciling items had remained uninvestigated and unadjusted for more than three years as at December 1997.

59. Although a task force formed by the Administration was able to update all bank reconciliations and had cleared a significant number of reconciling items, much more needs to be done. Notably, as at 31 December 1997, 241 reconciling items remained in the Chase Manhattan Bank account, including 29 that had been outstanding for between four and five years, 88 between three and four years and 47 between two and three years.

60. The outstanding items included, as at 31 December 1997:

(a) Deposits recorded by ECA but not recorded by the bank amounting to $172,720;

(b) Charges and debits recorded by the bank but not entered in the ECA books amounting to $260,042;

(c) Deposits recorded by the bank but not entered in the ECA books amounting to $123,276.

61. According to the Administration, the age of the transactions increased the difficulties in obtaining complete details from the bank, which made it doubtful that the bank would be able to provide complete details on all of the reference

transactions at this late date. However, work on updating the backlog in the bank reconciliation is progressing according to schedule. In order to address the deficiencies in cash management, the Budget and Finance Section of ECA had been restructured in May 1997 to establish adequate segregation of functional responsibilities to address the weaknesses in internal controls.

62. At the United Nations Office at Nairobi there were considerable delays in the preparation of bank reconciliation statements, ranging from 4 to 20 months during the biennium. Notably, bank reconciliations for the months of July to December 1997 had not been prepared as at April 1998, and the financial statements were therefore prepared without those essential reconciliations having been carried out. There were also a large number of items pending adjustment.

63. The Board recommends that ECA and the United Nations Office at Nairobi ensure that bank reconciliations are brought up to date and that non-reconciling items are promptly investigated for the necessary adjustments to be made in the accounts.

9. Inactive trust funds

64. At United Nations Headquarters the Board noted that as at 31 December 1997, out of 189 trust funds, 47, with a total fund balance of $28 million, had had no activity for over a year. Of those, 31 with fund balances of $22 million had remained inactive for more than five years, six of them for more than 10 years. The Administration stated that it would take closure action with respect to 24 trust funds for which activities were completed during the biennium 1996-1997, and others with no activity would be reviewed for possible closure.

65. At ESCAP the administration agreed to review 34 trust funds that had been inactive during the biennium.

10. Revenue-producing activities

66. Net income from revenue-producing activities had increased significantly, from $0.5 million in the biennium 1994-1995 to $4.3 million in the biennium 1996-1997. The source of the income was mainly from the United Nations Postal Administration (UNPA) ($1.2 million), the garage administration ($1.4 million) and from the sale of publications ($1.8 million). This had been offset by losses ($0.9 million) in services to visitors. Although gross receipts in respect of all revenue-producing activities declined from $53.5 million in 1994-1995 to $49.3 million in 1996-1997, the net increase in income was mainly achieved through reduction in cost of sales, staff, other personnel costs and other operating expenses.

United Nations Gift Centre

67. Gross receipts from the United Nations Gift Centre declined from $5.8 million in the previous biennium to $2.6 million in the biennium ending 31 December 1997 as a result of the Administration's decision to outsource the Gift Centre operations and consequently to curtail the purchase of new items for sale. The Board noted a reduction in net profit from $1.2 million in 1994-1995 to $0.38 million in 1996-1997.

68. The Board noted that the Administration had outsourced the Gift Centre to a firm for five years with effect from 1 May 1997. Under the terms of the contract, the contractor was to purchase from the United Nations at cost the Gift Centre's existing inventory at the commencement of the contract within 60 days of its entry into force. The inventory was subsequently assessed at $205,553 on the basis of the Gift Centre's inventory list. The Board noted that the inventory had not been purchased by the vendor in accordance with the terms of the agreement. The contractor had offered a price of only $145,522 because, according to him, some items were shopworn, damaged and marked down.

69. The Board recommends that the Administration resolve the matter regarding the sale of the inventory of the Gift Centre without further delay.

11. Write-off of losses of cash, receivables and property

70. In line with financial rule 111.10 (b), the Administration provided the Board with details of losses of cash, stores and other assets written off during the biennium ending 31 December 1997. This included losses of cash and receivables amounting to $1.67 million ($0.41 million in 1994-1995) for the United Nations General Fund and related activities written off in accordance with financial rule 110.14; in addition, property totalling $18.15 million, based on original cost ($0.88 million in 1994-1995), was also written off in accordance with financial rule 110.15. This does not include the write-off relating to peacekeeping operations. The Administration attributed the significant increase in the value of property written off to the obsolescence of a number of pieces of technology equipment.

71. The write-off of losses of property owing to surplus and unserviceable items (through normal wear and tear, including scheduled replacement), repair cost for partial damage, damage (total loss by vehicle accident, fire, storm) and shortage, including inventory discrepancy, loss and theft, as reported by the Headquarters Property Survey Board and field offices, was as follows (in United States dollars):

United Nations Office at Vienna	750 482
United Nations information centres	836 663
United Nations Headquarters	9 024 950
Department for Development Support and Management Services projects	4 984 413
United Nations Verification Mission in Guatemala	1 576 711
United Nations Truce Supervision Organization	214 450
Economic Commission for Latin America and the Caribbean	739 648
International Tribunal for the former Yugoslavia	11 157
Economic Commission for Latin America and the Caribbean, Mexico	3 385
United Nations Guard Contingent in Iraq	9 613
Total	18 151 472

12. Ex gratia payments

72. The Administration informed the Board, in line with rule 110.13, that ex gratia payments totalling $787,892.54 were made to 15 individuals during the biennium 1996-1997, including payments made to judges of the International Criminal Tribunal for Rwanda.

C. Management issues

1. Contracts for major maintenance

73. The Board's review of major maintenance contracts entered into by the United Nations during 1996-1997 revealed the deficiencies discussed below.

Rehabilitation of parking garage ($3.44 million)

74. The contract for the rehabilitation of the parking garage at United Nations Headquarters was awarded on 19 June 1997 to a contractor for a lump-sum amount of $3.44 million. The Facilities Management Office engaged the services of a firm of consulting engineers to prepare detailed specifications and drawings and to supervise the work. The Board noted that:

(a) The structural engineers for the project, whose total fee was $545,100, were selected on a sole-source basis without fixing the fees in advance and were allowed to commence work before the contract was issued;

(b) For the main contractor, the contract was signed six days after a newspaper reported that the contractor had pleaded guilty to making short payments to workers and consequently had made restitution and paid fines amounting to millions of dollars, and that the contractor would be barred from future Government contracts. The Administration stated that the newspaper article had not come to its attention until some five days after the contract was signed;

(c) The contractor had to perform the work in three phases and complete the first phase by 28 August 1997. Although the contractor was liable to pay liquidated damages at $10,000 per day of delay, the duration of the first phase of the contract was increased by 10 days, and no penalty was charged;

(d) Although the contractor took two days beyond the extension granted, the Administration failed to charge any penalty;

(e) Even after the Administration accepted the work as complete, there remained additional items of work, such as some painting and other tasks. Again no penalty was levied.

75. The Administration stated that it had contracted with the structural engineers on an exigency basis because the firm had a history of low fees and a unique ability to proceed quickly and because of the urgency of the requirement. It also stated that the issue of financial penalties had not been finalized as at July 1998.

76. The Board considers that major maintenance contracts should not be awarded on an exigency basis.

Contracts for cleaning and maintenance ($38.3 million) and for electrical maintenance ($14.5 million)

77. The Board noted that:

(a) In both cases there appeared to be poor planning since the earlier contracts, which expired in June 1995, were extended by a year each, and after 1 July 1996 interim contracts were signed with the new contractors pending development of fully reviewed contracts by the Administration and completion by the contractors of their agreements with the collective bargaining units;

(b) For both contracts, which covered a five-year period beginning 1 July 1996, the proposals were submitted to the Headquarters Committee on Contracts at the end of the extended periods of the previous contracts for urgent approval (just one day in the case of the cleaning contract). The Committee expressed its concern about the late submission of the presentation, subjecting it to undue pressure;

(c) In both cases, although manpower levels were not included in the request for proposals, they were used as a basis for determining the final award. As a result the original lowest bidders were requested to revise their proposals to reflect the manpower levels reflected by the second-lowest bidder. Consequently, the original lowest bidders were no longer competitors. Transparency of the bidding process was not evident.

78. The Administration stated that it was not prudent to list specific levels of staffing and hours of work for each staff member as a requirement in the request for proposals. This would prevent the successful bidder from negotiating a union contract with the collective bargaining unit, which is beneficial to the United Nations. The Board noted, however, that there were pre-proposal conferences and site visits where the expected levels of staff and hours of work could have been discussed.

79. The Board recommends that the Administration plan its major maintenance work sufficiently in advance in order to avoid exigency contracts, to give adequate time for the approval process, to obtain competitive bids and to have sufficient time to vet the background of the contractors and vendors.

Procurement of recycled paper ($1.2 million)

80. The Board's examination of requisitions and invitations to bid relating to seven procurement orders for recycled paper specified the manufacturers' mills and stated that no substitutes were acceptable.

81. The Administration agreed that bid documents should set out only the technical requirements and should not specify manufacturers; repeated reminders to this effect had been issued to the requisitioning departments, which had nonetheless maintained that not all grades and types of paper were compatible with United Nations requirements.

82. The Board recommends that requisitioning departments not be permitted to specify manufacturers to help ensure full competition and better value for money spent.

Integrated library management system ($238,856)

83. The Board noted that the integrated library management system, which was authorized by the General Assembly in 1992-1993 and for which the contract was awarded in December 1994, was to be operational by July 1995 but remained incomplete some three years later.

84. The Board's review of the management of the project disclosed the following:

(a) Contrary to the terms of payment, which required payment in instalments, the entire value of the contract, $238,856, was paid to the contractor in advance in one instalment in December 1994, including the charges for maintenance, which was to begin after one year of module functionality testing. This included maintenance of $68,776, which was not due until January 1998 as a result of delays in the project.

(b) The module functionality test was not completed within 150 days of the installation of the software. The Department of Public Information waived the condition that the module functionality test be completed within the time stipulated in the contract.

85. The Administration stated that the entire amount was paid in one lump sum to utilize the unliquidated obligations created in the biennium 1992-1993, which could be carried over to only the first year of the next biennium. It added that as the charges for maintenance were not due until January 1998, the Organization benefited by way of free maintenance for two and a half years in place of only one year as provided in the contract.

86. The Board considers that the delay was not beneficial to the Organization and that the release of the entire payment in advance rather than in instalments created a significant risk that value for money spent would not be achieved and also removed the incentive for the contractor to complete the work on time.

87. The Board recommends that since the integrated library management system project has been considerably delayed from the time the General Assembly authorized it during the biennium 1992-1993 the Administration should ensure that its full implementation is achieved without further delay.

Other contracts

88. At the United Nations Office at Nairobi, in 10 out of 14 contracts examined by the Board, advance payments totalling $393,000 had been made, ranging from 10 to 50 per cent of the contract value, but the reasons for such payments were not recorded, contrary to financial rule 110.23. The Administration stated that the advance payments were in accordance with the terms of contracts with government municipalities, institutions, research centres and non-profit organizations. The Board also noted that in some cases, where the work extended over a period of time, the terms of contract provided for periodic payments unrelated to the progress of work.

89. The Board recommends that the Administration ensure that the reasons for advance payment be recorded.

2. Procurement

Bidding process

90. The Board reviewed 126 purchase orders with a total value of $56.25 million to examine whether the bids were invited in accordance with the established procedure, whether the number of bids invited was adequate with reference to the value of the purchases and to verify the extent of vendor response. The Board's review disclosed that the bids were invited from the registered vendors in the vendor/supplier roster of the Procurement Division.

91. The Board found that there was no uniform pattern in determining the time allowed for bidding. The time for response was not fixed with reference to either the value of the contract or the number of invitations to bid, nor was it based on the type of materials or services to be supplied or their complexity. The Board noted that in 17 cases, although the value of the contract exceeded $200,000, the time allowed for bidding was less than four weeks. The Board considered that this adversely affected the response rate from vendors. For example, for the major contract for electrical equipment, maintenance and construction services ($14.46 million), where 21 days were allowed, only 2 bidders responded out of 32 to whom bids were sent. Similarly, for management and operation of catering services at United Nations Headquarters, where 28 days were allowed, only 1 bidder responded out of 11.

92. The revised Procurement Manual gives discretion to the procurement officer to decide the time to be given to bidders in each case depending on the circumstances, and suggests that for average requirements a period of four to five weeks should be allowed for supplier response.

93. The Administration stated that the development of policies and procedures was in process in connection with the advertising of requirements via electronic media, namely the Internet and e-mail. The revised Procurement Manual contains guidelines on supplier selection criteria. The frequent receipt of requisitions to meet urgent operational requirements, however, posed a serious constraint to allowing adequate time for vendors to respond to invitations to bid; the Procurement Division was addressing this problem in consultation with the requisitioning departments.

94. The Board recommends that the Administration ensure that prospective bidders have sufficient time to respond.

Procurement in offices away from Headquarters

95. The Board noted the following deficiencies in the procurement process at offices away from Headquarters:

(a) Piecemeal purchases: At ESCAP, 1,178 purchase orders were placed for nine categories of items in 1996-1997. At the United Nations Office at Nairobi, no annual procurement plan was prepared for equipment and supplies and no systems contract was entered into. In its procurement for the United Nations Centre for Human Settlements (Habitat) (UNCHS), for 3 categories of stationery, 45 orders were placed in 1997. The quantity of personal computers to be procured was revised three times after calling for tenders, from 40 to 95; therefore the advantage of purchasing in bulk was lost;

(b) Cases not processed by the Headquarters Committee on Contracts/Local Committee on Contracts: at ESCAP and the Economic Commission for Latin America and the Caribbean (ECLAC) cases were not submitted to the committees on contracts in 4 cases totalling $0.78 million;

(c) Delays in delivery: at ESCAP and ECLAC there were delays in delivery of up to four months (358 cases);

(d) Request for brand names: at ECLAC trade and brand names were specified in the requisitions, contrary to the provisions of the Procurement Manual (21 cases);

(e) At ECLAC freight charges totalling $34,000 paid on total orders of $78,000 were not included at the evaluation stage (8 cases).

96. The Board recommends that the Administration ensure that instructions and the provisions of the Procurement Manual are adhered to and that economies of scale are obtained where possible.

Payment of value-added tax

97. ECLAC had paid tax on purchases, contrary to the provisions of section 7 of the conventions and immunities of the United Nations. During 1996-1997 such payments amounted to $26,750.

98. The Board recommends that the Administration make efforts to recover the taxes improperly paid and make further attempts to resolve the issue of the tax payment on purchases with the national Government.

3. Procurement Manual

99. In its report for the biennium ending 31 December 1995, the Board had recommended that the Administration monitor completion of the drafting of the new Procurement Manual. The Board reviewed the completion of the manual in the light of the request of the General Assembly contained in its resolution 51/231 dated 13 June 1997.

100. The Board noted that the new Procurement Manual, targeted for December 1996, was issued on 15 April 1998. It noted that the new Manual updated the procurement guidelines, however, it required improvement in some areas, as discussed below.

Open tendering

101. The new Manual provides guidelines on methods of invitation to bid but does not cover open tendering, even though the Administration informed the Board that it was standard practice in the case of a highly valued requirement to publish a procurement notice in a publication of wide international circulation.

Supplier roster

102. The Manual did not specify the frequency at which the Supplier Review Committee should review the evaluation of the potential suppliers and review recommendations for removal of suppliers from the roster. The Manual states that the Member and Observer States of the United Nations may, at the discretion

of the Chief of the Procurement Division, be allowed to provide names of possible applicants for the supplier roster. The Board considers that rather than leaving it to the discretion of the Chief of the Procurement Division, the Member and Observer States should be routinely invited to offer details of potential suppliers so that the vendors in the supplier roster are drawn from as wide a geographical area as possible.

103. The Administration agreed that the Member and Observer States could provide names of suppliers whenever they identified a supplier capable of supporting United Nations requirements and stated that paragraph 5.05.05 of the Manual containing that provision would be revised in a future update to reflect accurately the standard practice.

104. The Board recommends that guidelines for open tendering should be included in the Procurement Manual and that the Manual should specify the frequency at which the Supplier Review Committee should review the evaluation of potential suppliers.

4. Humanitarian assistance

Special emergency rules

105. The Board noted that in his report to the General Assembly dated 24 August 1994 (A/49/336, para. 86), the Secretary-General gave assurance that, pending the development of special emergency rules and procedures, consideration would be given to more appropriate delegation of authority and strengthening of existing administrative and financial procedures in order to accommodate the exigencies and special requirements of emergency programmes.

106. Although the Department of Humanitarian Affairs had submitted a report on streamlining the administrative and financial procedures to the former Department of Administration and Management in December 1994 (since renamed the Department of Management), special emergency rules had not been finalized as at April 1998. The Board noted that in the absence of special rules and procedures there were delays in deploying the resources of the Department of Humanitarian Affairs for assistance in the field. For example, it took six months to make payments from the Rwanda Trust Fund for emergency needs. There were also delays in the release of advances to operational organizations.

107. The Board is concerned that the Administration has not been able to finalize the special emergency rules in over three years.

108. The Board recommends that the Administration finalize the special emergency rules and procedures on humanitarian assistance without further delay.

Grants for humanitarian assistance

109. The Board's review disclosed delays in conveying approval by the Department of Humanitarian Affairs of the proposals of donors to provide grants for humanitarian assistance. The Department attributed the delays mainly to the vetting of agreement clauses. The Administration stated that the delays had been its major concern, given its heavy reliance on donor contributions. The Administration added that although it had succeeded in securing donor acceptance of a broad-based or standardized funding agreement, there were many grants

involving major issues of contention such as arbitration, which were under negotiation between the Office of Legal Affairs and donors.

110. The Board encourages the Administration to further hasten acceptance of donor contributions.

5. Human resources management

Career development

111. The Board of Auditors, in its report for the biennium 1992-1993, had commented on the lack of a comprehensive career development system. In section III.D of its resolution 51/226 of 3 April 1997, the General Assembly had expressed concern about the non-establishment of a career development policy in the Secretariat. The Board noted that a fully integrated career development system had not been developed as at June 1998.

112. The Administration replied that the Organization was putting into place a career development policy based on the concept that responsibility for career progression is shared by the Organization, managers and staff members themselves. Progress has been made in the implementation of a number of career support mechanisms, including new development programmes and career planning workshops. Further career support initiatives, including managed reassignment and other mechanisms to facilitate mobility, are currently being developed in the context of the Secretary-General's Human Resources Task Force.

113. The Board recommends that the Administration formulate and implement a strategy for career development without further delay.

Special post allowance

114. Special post allowance is given when a staff member is required to perform the duties of a post graded at a higher level than that of the staff member. The Board checked 16 of the 64 cases in which a special post allowance was granted and noted substantial delays of up to four years in the proposal and approval of the cases. In eight cases, approval was granted after the assignments in the higher posts had been completed. In one case, the allowance was continued without the approval of the Office of Human Resources Management for over four years.

115. The Administration stated that the delays arose mainly in the departments making the proposal and were due to a suspension in the granting of special post allowances during the four months of the redeployment and to the heavy workload of the staff of the Office of Human Resources Management. It further stated that the functioning of controls in approval and implementation of special post allowances was being reviewed and was likely to be delegated to programme managers with specific guidelines drawn up by the Office of Human Resources Management. It expected that delays would then be avoided.

116. The Board is concerned with the delays in processing the requests for the granting of special post allowances.

Staff mix at the Economic Commission for Africa

117. The Board noted that at ECA, only 27 per cent of the regular budget posts for both Professional and General Service staff were engaged in programme

activities, while 73 per cent were working in areas related to general administration and management and support services. Further analysis showed that out of the 242 posts encumbered at the Professional level, 102 (42 per cent) were encumbered by staff working in programme activities and the remaining 140 (58 per cent) were engaged in administration and management. Regarding General Service staff, the Board noted that out of 383 encumbered posts, only 68 (18 per cent) were programme-oriented while the remaining 315 (82 per cent) were engaged in administration and support services.

118. The Administration explained that the high proportion of General Service staff was due to the large number of such staff in functions such as procurement, conference services, personnel, cleaning and security.

119. The Board recommended, and the Administration agreed, that as part of the ongoing reforms, the Administration should determine and implement the optimum ratio of personnel engaged in programme activities to those engaged in administration and management.

Rationalization of staff complement at Nairobi

120. At the time the United Nations Office at Nairobi was established it was anticipated that the streamlining of the administrative structure would result in the elimination of 59 posts. The Board noted, however, that the total post requirements at the United Nations Environment Programme (UNEP), UNCHS and the United Nations Office at Nairobi increased by 122 during 1996-1997. The Board noted that no review had been done to see if the savings had actually been achieved.

121. The Board recommends that a review be undertaken to see whether the elimination of 59 posts as envisaged when the United Nations Office at Nairobi was established was actually achieved.

Consultants

122. In its report for the biennium 1994-1995, the Board had pointed out inadequacies in the procedures for the hiring of consultants. A check by the Board revealed that a number of those inadequacies persisted during 1996-1997 also, as indicated below:

(a) In the Department of Humanitarian Affairs and the Office of Legal Affairs consultants were appointed to handle work of a regular nature that should have been assigned to regular staff (11 cases), one of whom was assigned in a supervisory capacity as the head of a unit;

(b) At ESCAP and ECLAC the basis for selecting consultants was not on record; selection was made on the basis of personal knowledge;

(c) At ESCAP and ECLAC the basis for calculating remuneration was not on record. In 118 cases at ECLAC, the Board noted that the recommendation of the divisions was accepted without any further checking;

(d) In the Office of Legal Affairs and at ESCAP agreements were signed with consultants after the work had commenced (36 cases). In two cases in Legal Affairs the agreements were signed after the work had been completed;

(e) At ESCAP the agreements did not contain detailed terms of reference or outputs;

(f) At ECLAC consultancy contracts were continued from one and a half to 10 years with the combination of different types of contracts and appointments;

(g) In the Office of Legal Affairs consultants were appointed without the prior approval of the Office of Human Resources Management (two cases);

(h) At ECLAC, requisitions for consultants were given by the divisions less than 10 days in advance of their requirement (96 cases), and there was no indication that the consultancy work had been completed on time (105 cases).

123. The Board recommends that the Administration ensure full compliance with the established instructions on engagement of consultants.

6. Common services at the United Nations offices at Geneva and Vienna

124. The United Nations offices at Geneva and Vienna provide to United Nations organizations and other international bodies a range of administrative and support services, including personnel, financial, procurement, conference services and information services. The Vienna Office provides services to and receives services from the United Nations Industrial Development Organization (UNIDO) and IAEA under a tripartite memorandum of understanding. It also has bilateral agreements with both UNIDO and IAEA under which joint services are provided for those functions not covered by the memorandum of understanding.

125. The General Assembly has called for the strengthening of common services in the United Nations system to maximize their cost-effectiveness and economies of scale and to minimize duplication and overlap. The need to achieve cost savings in the administration of the United Nations has placed increased demands on administrative and support services to improve their efficiency and to allow a greater proportion of the United Nations budget to be transferred from administration to programme activities. The original proposed budgets for administrative and support services, including conference services and information services, at Geneva and Vienna for the biennium 1996-1997 were $338 million and $101 million respectively.

126. Against that background, the Board reviewed the common services at Geneva and Vienna during 1996-1997 to ascertain:

(a) How each Office planned and resourced the services provided;

(b) The progress made in achieving greater efficiency in service delivery;

(c) How each Office monitored and assessed the quality of services provided.

127. The Board intends to undertake separately a similar review at the United Nations Office at Nairobi, which was established on 1 January 1996 to provide similar services to UNEP and UNCHS.

Planning and resourcing

128. In its 1994-1995 report, the Board noted that in formulating their biennial budgets the Geneva and Vienna offices used an incremental approach based on previous budgets rather than a zero-based approach to determine the level of resources required to meet expected levels of demand. The Board had noted that those offices needed to improve their use of workload standards and provide more workload volume data to support their biennial budgets.

129. In its present review the Board noted that the Geneva Office charged for services in respect of extrabudgetary or programme support activities. In these cases, the Office collected data on the organizations' use of reimbursable services and applied standard unit staff costs to calculate the charge. Geneva had based its approach on that used by United Nations Headquarters in New York, with some tailoring to meet its specific needs. For Vienna, under its tripartite agreement with IAEA and UNIDO, it charged for services rendered such as security and the preparation and issuance of United Nations travel documents. The Vienna Office also has agreements for the reimbursement of the cost of certain services provided to the Preparatory Commission for the Comprehensive Nuclear Test-Ban Treaty Organization, the United Nations International Drug Control Programme (UNDCP), the Office of the United Nations High Commissioner for Refugees, the United Nations Development Programme (UNDP), the United Nations Office for Project Services and others. Reimbursements were based on an agreed cost-sharing approach derived from the results of a consultancy review in 1996. The Board reviewed the approaches adopted by each office and concluded that they provided reasonable and transparent bases for the recovery of service costs. In 1996-1997, the Geneva Office received income of some $21 million for administrative and support services rendered to clients; the Vienna Office received some $26 million.

130. For some United Nations organizations services were provided free of charge, and there was no incentive to moderate their demands on the Geneva and Vienna offices for services. For example, the Geneva Office provided conference services free of charge to bodies funded under the regular budget and based in Geneva, including the Economic Commission for Europe and the United Nations Conference on Trade and Development. The Vienna Office provided free services to UNDCP and the Centre for Crime Prevention and Criminal Justice. The onus was therefore on the providers of the services to achieve required cost savings rather than on those organizations and bodies that actually used the resources. In view of the financial difficulties that the United Nations has experienced in recent years and the need to facilitate better control over demand for common services, the Board considered that cost apportionment would be more appropriate. Under such an approach, United Nations bodies that used common services would be allotted separately identifiable budgets to be spent on common services.

131. The Board recommends that consideration be given to establishing a system whereby users of common services are required to pay for such services on a cost-apportionment basis.

Lack of service specifications

132. Except for office cleaning at the United Nations Office at Vienna, neither the Geneva nor Vienna offices had established clear specifications on the level and quality of the services that they provided and, in the case of Vienna, the services that it received from IAEA and UNIDO. The Board considered that there

was scope for both offices to establish service-level agreements with the users of their services, as well as with IAEA and UNIDO in the case of Vienna, in which the level of service required would be set out and agreed upon and the respective roles and responsibilities of service providers and users would be clearly defined. The Board noted that the Vienna Office intended to develop service-level agreements with its customers.

Improvements in efficiency

133. Both the Geneva and Vienna offices had initiated efficiency reviews to achieve savings in the provision of services. Both offices started their reviews in 1995 as part of their original proposals for the 1996-1997 biennial budget and were therefore able to respond to the General Assembly's requests for cost savings during the biennium 1996-1997.

134. Budgetary appropriations for the United Nations Office at Vienna in 1996-1997 were reduced by $3.6 million through efficiency gains, streamlining and restructuring. At the time of the audit, in October 1997, the Office had initiated 126 efficiency projects. The largest savings came from reduced staff costs through the restructuring of the security and safety service ($954,000), changing the carrier for long-distance telephone calls ($400,000) and reducing the frequency with which offices were cleaned from five times a week to three ($300,000). Under the cost-sharing arrangements of the tripartite agreement, IAEA and UNIDO shared in some of the savings while the Vienna Office also accrued savings of $260,000 from efficiencies achieved by UNIDO in the area of buildings management.

135. A similar picture can be presented for the United Nations Office at Geneva, where the Division of Administration achieved total savings of $8.9 million in 1996-1997, mainly by freezing or abolishing posts. Those savings included, for example, the automation of security systems at the Palais des Nations, which yielded savings of some $1.2 million and the reorganization of the Geneva Office's Registry, Records and Mailing Section, which provided savings of $1.3 million. Downsizing and outsourcing of buildings and engineering management functions provided further savings of $1.2 million.

Monitoring and assessing quality of service

136. The Board noted that in a report dated 17 November 1994 (A/C.5/49/34 and Corr.1, para. 28) on conference services, the Secretary-General had stated that 17 potential performance indicators had been identified to provide a more comprehensive assessment of the work done. These included indicators of timeliness, quality and efficiency and seven indicators of demand, workload and capacity utilization. The Secretary-General pointed out that those indicators would be applied during 1996-1997. Neither Geneva nor Vienna, however, had implemented them.

137. The shortcomings in performance measurement were partly attributable to the demands placed on staff for delivery of services, which limited the time that staff could spend on the development and implementation of performance measures and benchmarking systems. Other factors concerned the technical difficulties involved in designing measures that would present a reliable picture of performance and allow for comparisons between offices, as well as the absence of policy directives from Headquarters on performance measurement.

138. The Board recognizes those limitations, but considers that there is a pressing need to establish a set of key performance indicators and benchmarks across each of the services provided initially by the Geneva and Vienna offices to improve transparency and comparability in the quality of service delivery. The Board therefore recommends that the United Nations Office at Geneva and the United Nations Office at Vienna adopt the set of key performance indicators proposed by the Secretary-General for conference services and to develop performance indicators to cover other services.

Measuring key aspects of service delivery

139. In the absence of readily available performance information at the Geneva and Vienna offices, the Board examined one key aspect of performance - timeliness in the delivery of services - in personnel, procurement and conference services. The Board assessed:

(a) How long it took the personnel service to recruit or appoint a staff member;

(b) Whether conference services translated and distributed documents to delegations a sufficient amount of time before the start of conferences or meetings;

(c) How long it took the procurement service to make a purchase.

Staff recruitment and appointment

140. In July 1995, the Department of Administration and Management expressed concern at the length of time that it took to fill vacant posts, the effects that this had on the delivery of programmes and the need to streamline recruitment procedures. The Department suggested that it should take no more than 23 weeks - some six months - from identifying a vacancy to offering an appointment.

141. The personnel service at the United Nations Office at Geneva undertook its own review of the time required for recruitment during 1995 and noted that it took between 68 and 87 weeks to fill a Professional post through an internal placement or promotion and between 86 and 99 weeks for an external vacancy. Vacancies for General Service staff took 9 and 11 months respectively. The Geneva Office's personnel service pointed out that the review had been a one-time exercise, had been time-consuming and had been undertaken over a period of some six months whenever staff could be released from their normal duties. The service had therefore not been able to conduct such a review on a periodic basis. The Vienna Office undertook a similar review of recruitment of Professional staff for UNDCP during the period from October 1993 to October 1997, and concluded that the average time between the vacancy announcement deadline and the placement of the staff member was three months.

142. Table 1 shows that, of the total of 64 cases examined by the Board, 35 (55 per cent) were completed within the six-month time-frame suggested by the Department of Management. Notably, however, seven cases (11 per cent) took more than a year.

Table 1

Time taken to complete recruitment and appointment actions

Staff category and office	Time taken in months						
	Up to 3	Over 3 to 6	Over 6 to 9	Over 9 to 12	Over 12 to 15	Over 15 to 18	Over 18 to 21
Professional category							
United Nations Office at Geneva	-	8	3	2	-	1	1
United Nations Office at Vienna	3	10	6	7	2	2	-
General Service category							
United Nations Office at Geneva	3	7	2	1	-	-	-
United Nations Office at Vienna	-	4	1	-	1	-	-
Total number of cases	6	29	12	10	3	3	1

143. Neither personnel service maintained a complete, readily available record of the various actions taken in the cases examined. Reasons for delays were therefore not clearly documented or explained. Several recurrent factors did, however, emerge from the Board's review, namely:

(a) Slow turnaround by client departments: in 16 cases (5 at Geneva and 11 at Vienna), client departments were slow in processing recruitments or appointments through the evaluation and shortlisting of candidates, causing delays of between one and three months;

(b) Slow turnaround by personnel services: in 15 cases (4 at Geneva and 11 at Vienna), delays of up to three months were attributable to personnel services and were caused, for example, by workload demands;

(c) Problems in arranging key recruitment meetings: in four cases at Geneva, delays of two to three months were caused by insufficient staff being available to form a quorum for the meetings of the Appointment and Career Development Panel from July to September.

144. The Board recommends that the United Nations Office at Geneva and the United Nations Office at Vienna record actions taken in the recruitment or appointment of staff so that delays can be identified, causes analysed and appropriate remedial action taken.

Preparation of pre-conference documentation

145. A key aspect in the quality of conference services is the timely provision of pre-conference documentation to delegations. The General Assembly requires that documents be available to delegations at least six weeks before a conference or meeting starts. To achieve this, client departments are expected to submit documents for translation at least 10 weeks before a conference or meeting is scheduled to take place, giving conference services 4 weeks in which to process and distribute the documents.

146. To assess whether conference services provided documents to delegations in sufficient time, the Board reviewed the dates on which client departments submitted documents to conference services and the dates by which the documents were translated and distributed to delegates. At the United Nations Office at Geneva, the Board selected five major conferences held during 1996-1997 involving 738 translation jobs. At the United Nations Office at Vienna, the Board selected three major clients that had submitted a combined total of 700 translation jobs in 1996-1997.

147. Based on the Board's sample, client departments failed to meet their 10-week target in 66 per cent of cases at Geneva and 71 per cent at Vienna. Conference services failed to meet their four-week target in 42 per cent of cases at both offices. The combined effect of those delays, some of which were compensated for in the overall delivery, was that at Geneva 80 per cent of the sample documents were not distributed to delegates at least six weeks before the relevant conference, as required; and at Vienna 83 per cent of the sample documents failed to meet the target.

148. Table 2 provides further analysis of 310 documents at Geneva and 292 at Vienna that took conference services longer than the four-week target.

Table 2

Time taken to process late documents in sample

	Number of documents (percentage)	
Time taken	United Nations Office at Geneva	United Nations Office at Vienna
5 - 8 weeks	134 (43%)	157 (54%)
9 - 12 weeks	107 (35%)	62 (21%)
13 - 16 weeks	46 (15%)	38 (13%)
17 - 20 weeks	15 (5%)	35 (12%)
21 - 24 weeks	4 (1%)	
32 weeks	2}	
56 weeks	1} (1%)	
68 weeks	1}	
Total	310 (100%)	292 (100%)

149. Notably, at the Geneva Office, 57 per cent of the documents took more than eight weeks to process; at the Vienna Office, the figure was 46 per cent. Moreover, at Geneva, 22 per cent took longer than 12 weeks to process; at Vienna, the figure was 25 per cent. At Geneva, there were two documents in the sample that took over a year to complete.

150. From its sample of 738 documents at Geneva and 700 at Vienna, the Board also identified how many were distributed to delegations before, during or after the relevant conferences or meetings:

(a) At Geneva, 27 (4 per cent) of the documents were available to delegations during the session, and 228 (31 per cent) were available after the conference or meeting had finished;

(b) At Vienna, 93 (13 per cent) of the documents were available to delegations during the session, and 15 (2 per cent) were available after the conference or meeting had finished.

151. The Board is concerned at the significant number of documents submitted to delegations during and after the relevant sessions.

152. The Board considers that there is a pressing need for conference services at both Geneva and Vienna to improve their performance and for securing more timely receipt of documents from client departments.

Procurement

153. In 1996-1997, the United Nations Office at Geneva processed 7,663 purchase orders and contracts worth $71.8 million, while the United Nations Office at Vienna processed 791 purchase orders and contracts with a total value of $9.7 million. Thresholds in the value of individual purchase orders and contracts determined whether they could be placed without calling for quotes from suppliers (cases up to $25,000 in value), whether they should be subject to competitive bids (cases from $25,001 to $150,000 in value) or whether they should be submitted to the Committee on Contracts for approval (cases above $150,000 in value).

154. The Board reviewed 26 cases processed at Geneva and 83 cases handled by Vienna in 1996-1997 to measure how long it took each Office to place purchase orders and contracts, taking account of the adjusted threshold values.

155. In all but one case in each Office, the contracts and purchase orders were placed within the target of 12 to 14 weeks established in the new Procurement Manual, issued in April 1998. Notably, 65 (60 per cent) of the 109 cases were processed within two weeks, and an additional 22 cases (20 per cent) were completed within one month.

156. Both the Geneva and Vienna offices had established volume purchase agreements with preferred suppliers, both to help speed up procurement and to obtain discounts on items ordered on a regular basis, such as computer equipment, office furniture and stationery. Those agreements, in particular, had allowed orders to be placed quickly with suppliers. This in turn allowed staff to undertake market research on potential suppliers and prices in advance of future orders, thereby helping to speed up the processing of such orders in due course. The Board was pleased to note those achievements.

7. Management of conference centres

United Nations conference centre at the Economic Commission for Africa

157. The construction of the conference centre at Addis Ababa was completed and handed over to ECA in April 1996. The Board shared the view of the ECA administration that the conference centre should be managed on a commercial basis as a revenue-earning activity. In that regard the Board noted that:

(a) ECA needed to recruit technical staff, including a conference centre manager, as provided for in the 1996-1997 budget, and establish a management committee with oversight responsibilities;

(b) In addition to an extensive marketing exercise, including advertising, which was under way to promote the centre, more needed to be done to assess potential demand and the ability of the centre to attract conferences in order to maximize revenue;

(c) ECA management had estimated the conference centre's annual running cost to be $504,000 and the daily income to be $6,500 based on income-generating spaces available to the conference centre. ECA management considered that it would be able to break even with 78 days of occupancy in a year. However, the Board noted that that projection did not include the cost of staff involved in the running of the centre, which was charged to the ECA regular budget.

158. The Administration expressed the reservation that charging for full staff costs would almost double the running cost of the conference centre and would exceed the expected revenue.

United Nations conference centre at the Economic and Social Commission for Asia and the Pacific

159. The Board noted that the conference centre at Bangkok, with 13 conference rooms, was completed in 1993 and the total cost of $46.66 million was capitalized in December 1997. Although the centre has been earning revenue since 1993, it has not been established as a cost centre to ensure that all costs and revenues are allocated to determine the viability of the centre.

160. The Board also noted that an amount of $400,000 out of the revenue of $650,000 for 1996-1997 was withheld for setting up new facilities, and only the balance ($250,200) was credited to the accounts as miscellaneous income.

161. The Board noted that there was scope for increasing the utilization of the conference centre. Each conference room at the centre was used for an average of 14 days during 1996 and for an average of 50 days in 1997. The Administration stated that it would strive to increase the usage of the conference centre.

162. The Board recommends that the Administration establish the ECA and ESCAP conference centres of ECA and ESCAP as separate cost centres and that all costs associated with their operation be apportioned to them for more accurate determination of their profitability.

8. United Nations Compensation Commission

Introduction

163. The United Nations Compensation Commission (UNCC) and the Compensation Fund were established in accordance with United Nations Security Council resolution 692 (1991) of 20 May 1991 to process compensation claims for losses and damages suffered by individuals, corporations, Governments and international organizations as a direct result of Iraq's invasion of Kuwait. Under Security Council resolution 705, a portion not to exceed 30 per cent of the revenue from

the sale of Iraqi oil and oil products is transferred to the Compensation Fund to pay awards.

164. UNCC is a subsidiary organ of the Security Council and is composed of the Governing Council, the panels of Commissioners and the secretariat. The Governing Council is the policy-making organ of the Commission and approves the award and payment of all compensation claims. The panels of Commissioners work in panels of three members to review claims and make recommendations to the Governing Council for decision. The secretariat processes the compensation claims and supports both the panels of Commissioners and the Governing Council.

Claims

165. The Governing Council established six categories of claims:

(a) Category A, for compensation related to the departure from Iraq or Kuwait during the period of hostilities;

(b) Category B, for compensation for serious personal injury or death of a family member;

(c) Category C, relating to claims by individuals for losses up to $100,000;

(d) Category D, relating to claims by individuals for losses over $100,000;

(e) Category E, from corporations, other private legal entities and public sector enterprises;

(f) Category F, from Governments and international organizations for losses such as the cost of evacuating citizens.

166. Table 3 shows the total number of claims and their amounts submitted to the Commission, the numbers and amounts awarded as at 10 June 1997 and the settlements made as at that date.

Table 3

Compensation claims received, awarded and paid by the United Nations Compensation Commission as at 10 June 1997

(Thousands of United States dollars)

	Claims received		Claims awarded		Claims paid	
Category	Number	Amount	Number	Amount	Number	Amount
A	924 580	3 600 000	862 072	3 199 035	54 604	136 510
B	6 011	21 000	3 945	13 450	3 937	13 418
C	1 648 584	9 000 000	199 607	1 437 529	2 848	7 050
D	10 737	10 121 000	0	0	0	0
E	5 782	82 000 000	1	610 049	0	0
F	296	142 000 000	0	0	0	0
Total	2 595 990	246 742 000	1 065 625	5 260 063	61 389	156 978

167. Table 3 shows that nearly 1.1 million awards amounting to almost $5.3 billion in compensation had been approved by the Governing Council as at 10 June 1997. Claims are paid in instalments and are made as soon as sufficient income has accumulated in the Compensation Fund. As at 10 June 1997, payments had been made to category B claimants in three instalments, in 1995, 1996 and 1997. The first instalments relating to category A and C claimants had also been paid in March 1998. In total, payments had been made to Governments in respect of some 61,389 claimants amounting to approximately $157 million. Amounts paid under categories A and C are partial payments made pursuant to Governing Council decision 17, which provided for an initial payment of $2,500 (or the principal amount of the award if less) for successful claimants in categories A, B and C.

168. The Board concentrated primarily on category A, B and C claims. In carrying out its work, the Board has sought, wherever possible, to draw on the work of the Office of Internal Oversight Services, which devoted considerable audit resources to reviewing the work of the Commission in 1997. In its future reports the Board intends to focus on the processing of the larger and more complex category D, E and F claims.

Role of Governments

169. National Governments perform a major role in the processing of compensation claims. Specific responsibilities borne by Governments include informing claimants of the criteria for compensation; submitting claims to the Compensation Commission on behalf of their nationals; affirming that there is no reason to believe that information stated in claim forms is incorrect; distributing payments; and providing reports to the Commission on the amounts of payments.

170. Although the Commission required national Governments to certify that they had no reason to believe claims were incorrect, the Commission did not request or require any independent audit assurance, for example, by the country's national audit institution, that the claim had been properly vetted and that adequate controls were in place. Accordingly, the Board was unable to place reliance on the claims-processing systems operated by national Governments.

171. Governments were entitled to deduct a fee from payments made to claimants to compensate for the costs they incurred. The Governing Council of the Commission decided that such fees should not exceed 1.5 per cent of the amounts awarded to claimants under categories A, B and C, and should be no more than 3 per cent of amounts awarded under categories D, E and F. The Governing Council stipulated, however, that the fees charged should be commensurate with the actual expenditures of Governments, and requested Governments to explain the basis for any processing costs so deducted. At the time of its review, the Board noted that 11 out of 20 Governments that had submitted payment distribution reports had deducted a processing fee. Of those charging a processing fee, five charged the full 1.5 per cent allowed by the Governing Council, while six others charged only token amounts. In no case where a fee was charged did the Government provide supporting information to validate the expenditures incurred.

172. The Board considers that, in view of the high payments arising from the claims, a processing fee of 1.5 or 3 per cent may result in overcompensation to Governments for the actual work done. The Board recommends that UNCC invite its Governing Council to review the basis of the processing fee.

Guidelines

173. The Board found that although the Commission had provided Governments with a manual on how to process category A claims, it had not issued Governments comprehensive guidelines on how they should process claims from individuals in order to satisfy UNCC requirements; instead, the Commission had provided guidance mainly through direct contact with Governments to resolve specific queries. Governments did not, therefore, have ready access to authoritative guidelines when processing claims or when responding to claimants' queries.

174. The Board also reviewed the adequacy of guidelines available to claimants to assist in the completion and submission of claims and found that, similarly, only limited guidance had been provided. Most claimants had to rely on the guidance incorporated on the claim form, although some were able to draw on support from their Governments' national claims programme.

175. The Board considers that the lack of authoritative guidelines on the major aspects of the compensation scheme allowed scope for differing interpretations of the Commission's requirements and for simple avoidable errors to be made in the completion of claim forms.

Expedited processing procedures

176. The Governing Council decided that the 2.6 million claims falling into categories A, B and C would be treated as urgent and therefore receive priority treatment at both the processing and payment stages. The expedited procedures developed by the Commission included:

(a) Checking individual claims by matching them, as far as possible, against other information on the Commission's computerized database;

(b) Checking claims on the basis of sampling, with further verification only as circumstances warranted;

(c) Developing statistical models to determine values of losses where insufficient independent evidence was provided by claimants.

The Board examined the operation of those expedited procedures, together with the quality of evidence supporting the claims received under categories A, B and C.

Category A claims

177. More than 900,000 category A compensation claims were submitted by claimants. In line with the expedited procedures approved by the Governing Council, the Commission did not require Governments to submit all of the original documentation.

178. To test the validity of the category A claims, the Commission compared the claims data provided on diskette by Governments with a database of information obtained from some 30 Governments and 2 international organizations. The panel of Commissioners determined that a claimant whose details had matched one or more of the records on the arrival/departure database met the required standard of evidence and was therefore entitled to compensation. In that way, the Commission was able to approve some 350,000 of the category A claims. For the remaining 570,000 category A claims the Panel of Commissioners applied a

sampling methodology. Once a sample was selected, the original claim forms together with the supporting evidence were requested from Governments. In total, almost 36,000 category A claims (approximately 6 per cent of the population) were reviewed individually by the Commission. Having reviewed all the information concerning a sample of claims, the Panel judged whether or not the level of conclusive evidence in the sample was sufficiently high to recommend that the overall population of claims from which the sample was drawn should be compensated.

179. The Board of Auditors examined a random sample of 150 compensation awards to assess the quality of supporting evidence and the validity of the award. The Board found that in 16 of the 150 claims reviewed (11 per cent of the cases examined) there was insufficient independent evidence to support the award or there were omissions or errors that called into question the level of award:

(a) In nine cases, the only evidence of departure from Iraq or Kuwait was a personal statement from the claimant;

(b) In four cases, the claim form was not signed by the claimant;

(c) In three cases, the amount awarded by the Commission and recorded as claimed was higher than the actual amount claimed by the individual.

180. The Commission approved compensation on the basis of personal statements from claimants so long as the route and circumstances of departure fit the general departure pattern of nationals from the same country. While the Board accepts that many of the claims in this category may indeed have been valid, it was not possible for the Board to confirm unequivocally that they were in fact correct.

Category B claims

181. Category B claims are for fixed amounts of compensation by individuals who, as a direct result of Iraq's invasion and occupation of Kuwait, suffered serious personal injury or whose spouse, child or parent died. The Commission received 6,011 category B claims and as at 10 June 1997 had approved 3,945 awards with a total value of $13,450,000. The Commission had paid the full amount of the awards to national Governments at the time of the Board's examination but had not received confirmation that the amounts had been distributed to individual claimants. The relatively small number of claims in category B enabled the Commission to review each claim individually.

182. The Board examined a random sample of 25 category B claims and found that, as in the case of category A claims, the quality of evidence supporting the claims was variable. The Panel of Commissioners had itself noted that, although nearly all the claims for serious personal injury were supported by some form of proof, most of the claims contained a minimum level of documentary evidence.

183. The Board also noted that the Commission was not in a position to check the authenticity of many of the documents presented in support of claims, such as medical certificates and reports. Taking account of the difficult circumstances prevailing in Iraq and Kuwait during the period of conflict, and recognizing that not all serious injuries could be proved conclusively, the Board considers that the Panel acted reasonably in approving the category B awards. However, the Board was unable to confirm that individual category B awards were supported by sufficiently independent evidence to substantiate the losses claimed.

Category C Claims

184. Category C compensation claims were submitted by individuals for losses of up to $100,000 to provide compensation for mental pain and anguish, personal injury, loss of property and loss of income. The Commission received approximately 1.6 million category C claims seeking total compensation of $12 billion. At the time of the Board's examination, approximately 200,000 awards had been approved with a total value of $1.4 billion. In March 1997, the first partial payments were made to Governments in the first instalment of category C claims. Those payments were in respect of 2,848 awards and amounted to approximately $7 million.

185. The Governing Council designated category C claims as urgent claims to which expedited procedures should be applied. The large volume of complex claims precluded a detailed review of all individual claims. As a result, the Commission reviewed only a relatively small number of individual category C claims. In addition, the Panel of Commissioners concluded that in accordance with articles 35 and 36 of the rules, UNCC should avoid, except where absolutely necessary, seeking additional information from Governments or claimants. Overall, the Secretariat reviewed approximately 35 per cent of category C claims submitted.

186. In its examination of category C claims, the Board found that there was generally a poor quality of evidence submitted by claimants. For example, in a random sample of 60 claims examined by the Board:

(a) Three (5 per cent) of the claims had no supporting documentation; 81 per cent of the 32 claims seeking compensation for loss of personal property did not submit independent documentary evidence, such as original receipts or invoices, in support of the claims;

(b) 59 per cent of the 24 claims seeking compensation for salary losses were not supported by independent documentary evidence such as pay slips or copies of employment contracts;

(c) 91 per cent of the 23 claims seeking compensation for forced hiding or illegal detention were supported only by uncorroborated personal statements.

187. The Panel of Commissioners recognized that the quality of evidence was in many cases poor, and took into account the circumstances prevailing in Iraq and Kuwait when determining the standard of evidence required in support of claims. For example, in the absence of proof of ownership of property, the Commission decided to accept itemized lists, personal statements and witness statements as evidence of ownership. In addition, the Panel accepted that certain groups of claimants were targeted specifically for hostage taking and therefore were presumed to have been forced to hide in order to avoid being taken hostage. Therefore, if claims for mental pain and anguish and either hostage taking or forced hiding were made by claimants belonging to such groups, they were presumed to be valid.

188. The Commission also experienced problems in confirming the valuation of losses. Claimants often did not state the basis used to value losses, but where they did it was apparent that several different bases had been used. For example, some had valued property losses at original cost and some at replacement cost, and others had calculated a value based on the depreciated value of the original cost. When calculating salary losses, claimants had

submitted claims for differing time periods, ranging from months to several years.

189. The Board recognizes the difficulty experienced by the Commission in assessing claims on the basis of the evidence available. However, the Board was unable to confirm that individual category C awards were supported by sufficiently independent evidence to substantiate the losses incurred. However, the Board considers that the Commission should have provided Governments and claimants with better guidance as to how property and income losses should be valued.

Statistical modelling

190. To assess claims for losses of personal property and cash, the Panel developed a statistical model to estimate an amount each claimant might reasonably have been expected to claim. In designing the model the Panel drew on the advice and guidance of its statisticians and outside experts. The statistical model used data supplied by claimants on claim forms but also used additional data from external sources. Independent experts provided assurance that the model's level of performance conformed to the standards generally accepted in statistical estimations.

191. The impact of applying the statistical model to compensation claims was significant. When the model was applied to a sample of approximately 59,000 claims it resulted in average awards of $6,400 compared to the average amount claimed of $8,800. In all, 70 per cent of claimants had their claims reduced by an average of 27 per cent of the total value of the claim.

192. In some cases, the model produced cuts of up to 65 per cent compared to the value claimed by individuals. Where the cuts were of such large magnitude, the Commission carried out a detailed review of the claims to verify that they had been assessed reasonably by the model. Despite the poor quality of evidence submitted in support of the claims, the Commission concluded that the significantly reduced awards were reasonable.

Duplicate claims

193. The Board found that the Commission had identified a large number of duplicate claims. The largest number of duplicates affected category A claims, where several countries were found to have submitted a number of claims more than once. In addition, the Commission had inadvertently entered some claims data onto the database more than once. After performing a range of clerical and computer checks designed to identify possible duplicates by finding claims stating the same claimant name and passport number, the Commission confirmed the existence of 35,905 duplicate category A claims from 43 countries and seven international organizations. The Commission ensured that confirmed duplicates were removed from the database and were not subject to further processing.

194. The Board noted, however, that the information requested on category A and C claim forms did not include a requirement to provide the names and identification numbers of each family member covered by the claim. It was therefore not possible for the Commission to detect multiple family claims submitted by individual members of the same family (family claims attracted a higher rate of compensation than claims submitted by individuals). That meant, for example, that the Commission was unable to detect situations in which both parents had submitted family claims for the same loss. The Commission therefore

had to rely on national Governments to prevent the submission of such multiple claims. The Commission acknowledged those risks and therefore requested Governments to keep an accurate record of the persons to whom awards had been paid in order to further reduce the risks of making duplicate payments to claimants.

Data input errors

195. The Commission's own staff input the data relating to the first instalment of category C claims, and data input of other instalments was carried out by an outside contractor or national Governments, who then supplied the claims data together with the paper claims to the Commission. Data input for all category A claims was carried out by the submitting Governments. The Commission issued guidance to national Governments and the contractor to help them input the claims data correctly.

196. The Commission carried out quality control checks on the accuracy of data input by outside parties and detected a significant level of error in some data. One such control check of category C claims indicated that 43 per cent of claims entered by one national Government contained at least one discrepancy between the data on the claim form and the data entered in the database. Similar quality control exercises on data entered by a private contractor also revealed unacceptably high levels of error in the first instalment submitted, and resulted in approximately 40,000 out of a batch of 165,000 claims being reprocessed.

197. The Commission was prepared to accept a maximum error rate of 3 per cent in data input. However, the Commission had not carried out further work to evaluate the financial impact of the errors identified. In view of the possible impact on the level of awards, the Board considers that the Commission should set a tighter, more demanding tolerance for errors that have a financial impact on the level of award.

9. International Criminal Tribunal for Rwanda

198. As requested by the General Assembly in its resolution 52/218 of 22 December 1997, the Board of Auditors has reviewed the ex gratia payments of $750,663 to judges of the International Criminal Tribunal for Rwanda covering the period from 26 June 1995 to 18 June 1996.

199. In adopting resolution 955 (1994) of 8 November 1994, by which the Security Council established the International Criminal Tribunal for Rwanda, the Council also adopted the Statute of the Tribunal. Article 12, paragraph 5, of the Statute directly linked the terms and conditions of service of judges to those of the judges of the International Tribunal for the Former Yugoslavia. Consequently, pending a decision of the General Assembly on the conditions of service applicable to the judges of the Rwanda Tribunal, the annual salary and other conditions of service recommended by the Advisory Committee on Administrative and Budgetary Questions for the International Tribunal for the Former Yugoslavia have been applied to the trial judges of the International Criminal Tribunal for Rwanda.

200. At the International Tribunal for the Former Yugoslavia, 11 judges were elected in September 1993 and took office on 17 November. The Board noted that at the time of election, no decision had been taken by the General Assembly on

the conditions of service applicable to the judges. The letters sent by the Office of Legal Affairs to the judges after their election indicated that they would be paid an ad hoc salary of $17,877 for the period from 17 November to 31 December 1993. That amount was all-inclusive and consistent with the annual entitlements of the judges of the International Court of Justice, prorated for that period. Thereafter, the judges continued to receive full salaries.

201. Although the Tribunal did not begin its regular session until March 1995, the Board understands that during the period from November 1993 to March 1995 the judges were engaged in preliminary work on a part-time basis from their home countries and attended four plenary sessions of the Tribunal.

202. The Secretary-General's letter of 7 March 1995 inviting Member States to nominate candidates for judges to the International Criminal Tribunal for Rwanda stated that judges would assume their functions with the commencement of trial proceedings. Also, the letters sent to the judges after their election made it clear that they would not receive remuneration on a full-time basis until their assumption of office for trial proceedings and that their preparatory work would be compensated in accordance with ad hoc arrangements, which provided for daily salaries to be paid based on the basis of the prorated annual salary.

203. Although the judges drew salaries totalling $52,093, which were prorated to the number of days they were on official business for Tribunal matters between November 1995 and May 1996, the judges were also paid salaries totalling $750,663 on an ex gratia basis covering the period from 26 June 1995 to 18 June 1996. The payment of those salaries is contrary to the terms in the Secretary-General's letter of 7 March 1995 and the letters sent to the judges after their election.

204. The Administration informed the Board that the International Criminal Tribunal for Rwanda judges raised with the Secretary-General their concerns over the disparity in the salaries paid to them as compared with the International Tribunal for the Former Yugoslavia judges. The Rwanda Tribunal judges contended that the activities of the Tribunal from its inception were not limited only to trial proceedings but also included an entire set of preliminary tasks provided for by the Statute, such as adoption of the rules of procedure and evidence and the rules of detention, designating members of the two trial chambers and the judges responsible for reviewing indictments, as well as various preliminary hearings that they engaged in from June 1995. As the Security Council had decided that the terms and conditions of service of the Rwanda Tribunal judges should be the same as those of the former Yugoslavia Tribunal judges, the Rwanda Tribunal judges requested compensation comparable to that paid to former Yugoslavia Tribunal judges. In order to align the entitlements of the judges of the two tribunals, the Administration authorized payment of salaries on an ex gratia basis to the Rwanda Tribunal judges subject to the deduction of any compensation effected by the national Governments or the employer of the judges prior to their arrival in Arusha.

205. The Board's audit disclosed that the total payments made to the Rwanda Tribunal judges between November 1995 and April 1998 amounted to $2,585,438. This comprised salaries of $1,701,716, travel expenses of $82,623, salaries of $750,663 on an ex gratia basis after deduction of the amounts paid by the national Governments, assignment grant of $38,835, special acting allowance of $5,348 and education grant of $6,243.

206. The Board noted that, even though the judges may have been engaged in the work of their respective tribunals prior to the first regular session of the tribunals, they did not immediately take up residence in their duty stations. Therefore, the Board could not link the compensation paid to the actual time spent by the judges on tribunal work.

10. Other issues

United Nations Treaty Series

207. Treaties are required to be published in volumes of the United Nations Treaty Series within a year of the registration of the treaties. The General Assembly had approved a plan in December 1980 to eliminate the backlog in the publication of the United Nations Treaty Series by December 1988, which was extended to 1989 and again to 1995.

208. The Board noted that the backlog had not been cleared although significant progress had been made in 1997. Against the annual target of 102 publications from 1992 to 1996, the number of volumes actually published was only 62, 31, 28, 27 and 31 respectively. The Board noted, however, that 87 volumes had been produced in 1997.

209. The Administration stated that since 1995, it had adopted a multifaceted strategy to deal with the backlog, including internal reforms designed to improve output and computerization of the process. As a result of those measures, it expected to clear the backlog by 2001, with targets of 133, 150, 150 and 120 for the years 1998 to 2001.

210. The Board looks forward to further progress in clearing the backlog in the publication of the United Nations Treaty Series.

Project management

211. At ESCAP, out of a total allocation of $15.7 million for the biennium 1996-1997, the organization utilized only $9.0 million, thus achieving 60 per cent utilization; 74 projects examined by the Board achieved utilization rates varying from 35 to 70 per cent during the biennium. This did not give any indication that the objectives had been fully achieved. The management attributed the changes in schedules to changes in priorities and demands, difficulty in reaching agreements with many least developed countries and movement of staff. It added that it had begun to develop an on-line monitoring and retrieval mechanism, which would allow greater accountability on the part of project and fund managers.

212. In one particular case concerning improvement of the statistics of women in the ESCAP region, the aim of the project was to collect the profiles of women in 20 countries within 13 months from the starting date in February 1997 at an estimated cost of $0.28 million. The Board noted that this had been reduced to 16 countries and, as at April 1998, profiles in only 12 countries had been produced in final form. The administration attributed the shortfalls to problems encountered in identifying experts, collecting additional data and editing reports.

213. In a second case concerning a project conceived in 1993 to develop a statistical information system at ESCAP, although a cost of $0.26 million had

been incurred and the software warranty had expired in April 1996, the system had not become operational as at April 1998. The administration attributed the delay to acute human resource constraints.

214. The Board recommends that the administration of ESCAP ensure that appropriate staff are allocated to projects after priorities have been identified.

11. The year 2000 issue

215. The Board has assessed the preparedness of the United Nations for managing the year 2000 issue, which threatens all information systems. As at May 1998, the United Nations Secretariat was in the early stage of assessment and planning. Although the management and support of systems were decentralized and were the responsibility of the departments and offices concerned, the Information Technology Services Division issued a request for proposals in May 1998 to carry out an overall risk assessment for the year 2000 issue. The objective of the proposal was also to compile a list of all applications, databases, telecommunications and computer equipment and software to be analysed for year 2000 compliance. Under the terms of the request for proposals, the selected contractor was also required to recommend solutions for all affected applications and equipment.

216. The United Nations Office at Nairobi is managing the preparedness for the year 2000 issue for UNEP and UNCHS. The Board noted that the Nairobi Office was also in the early stage of assessment and planning. The Office informed the Board that it was not able to launch a specific year 2000 project by special-purpose teams on account of lack of resources and the current level of staffing. The Board noted that the Nairobi Office had yet to take an inventory of the applications systems and check them for year 2000 compliance. The Office, however, is depending on the migration of the available systems to IMIS and expects the exercise to be completed by September 1999.

217. The Board noted that:

(a) Most of the critical systems are proposed for migration to IMIS. This makes it imperative that IMIS be implemented within the time-frame presently scheduled in all the offices away from Headquarters. All data interfaces with other systems that are not year 2000 compliant also need to be taken care of;

(b) Many of the legacy systems are mainframe applications. The availability of the test zone in the mainframe at the International Computing Centre in Geneva, therefore, is critical for timely assessment and conversion of mainframe-dependent programmes;

(c) The United Nations Secretariat has started the inventory and assessment of the microprocessor-embedded equipment for its year 2000 compliance.

218. The Board recommends that:

(a) The Administration monitor and accelerate the pace of preparedness for managing the year 2000 issue;

(b) **All systems**, including those considered to be year 2000 compliant because of their recent development, be completely tested for compliance with sufficient lead time to address any deficiencies in order to avoid any surprises at the turn of the century. IMIS should also be formally tested for year 2000 compliance;

(c) The testing facility at the International Computing Centre in Geneva for mainframe systems should be made available as soon as possible;

(d) Contingency plans should be formulated and planned for all critical systems.

12. Cases of fraud and presumptive fraud

219. During the biennium ending 31 December 1997, seven cases of fraud and presumptive fraud were reported to the Board. Four of the reported cases involved staff members of the Organization.

220. In five of the seven cases losses totalling $534,013 (of which $484,533 related to the period 1988-1996) were suffered by the Organization. The Administration recovered $331,603. Another $156,630 was subject to recovery under a court judgement. In two cases no financial losses were incurred. The details of cases involving sums of more than $10,000 each are set out below.

221. One staff member of UNCTAD, abusing his role as certifying officer, created documentation for fictitious meetings and fraudulently converted cheques during the period 1988-1996, thus defrauding the Organization of $484,533. Following an investigation by the Office of Internal Oversight Services, the official concerned was dismissed, and monies amounting to some $327,903 were recovered from the individual. In September 1997, the staff member was convicted of the offence, sentenced to a term of imprisonment and ordered to repay some $250,000 to the United Nations.

222. The Board noted that in the case concerning the United Nations Conference on Trade and Development staff member, payment was undertaken at the United Nations Office at Geneva, where approving officers are required to check the correctness of supporting documentation, certifying officers' signatures and the existence of allotments. As noted by the Office of Internal Oversight Services, a significant weakness in control was that UNCTAD did not issue allotments for its technical cooperation project budgets and, as a result, there was no authorized expenditure limit to which the approving officer could refer. This weakness was pointed out in the 1990-1991 report of the Board of Auditors, which also emphasized the importance of cost plans and the allotment procedure as central elements of internal control on UNCTAD trust fund projects. In the same report, the Board also noted that expenditures were charged to incorrect projects pending receipt of funds, and that adjustments were made retrospectively. This same loose accounting practice was used by the UNCTAD staff member to help conceal the fraud. The Board referred again to weaknesses in the budgetary control of trust funds in its reports for 1992-1993 and 1994-1995. The Board is concerned that these control weaknesses were allowed to persist.

223. Following a review by the local management of internal control procedures at UNCTAD and the United Nations Office at Geneva and a separate review by the Office of Internal Oversight Services, management took a number of actions to

remedy weaknesses. UNCTAD now provides the United Nations Office at Geneva with a monthly list of currently approved projects to enable the approving officer in the Geneva Office to check the validity of project accounts. The Geneva Office has also taken action to make more use of electronic transfer as a payment mechanism and thus reduce the number of cheques issued; an average of 326 cheques are now issued monthly compared with a monthly average of 2,000 during early 1996. The Office has also taken steps to enforce the requirement that cheques may not be handed over to any individual other than the payee.

224. The Board recommends that UNCTAD introduce allotment procedures for its trust fund projects.

225. In two cases involving $30,264 at ECA and $15,366 at the UNDP programme office in Nigeria, fraud was committed through the fraudulent endorsement of cheques. Both cases are being investigated by the Office of Internal Oversight Services. The ECA administration informed the Board that the full amount had been recovered from the former staff member concerned.

D. Acknowledgement

226. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended by the Secretary-General of the United Nations, the directors-general of the United Nations offices at Geneva, Nairobi and Vienna, the Secretary-General of the United Nations Conference on Trade and Development, the executive secretaries of the regional commissions and the registrars of the International Court of Justice, the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia and their officers and members of their staff.

(Signed) Vijay Krishna SHUNGLU
Comptroller and Auditor General
of India

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana

(Signed) Sir John BOURN
Comptroller and Auditor General of the
United Kingdom of Great Britain and
Northern Ireland

15 July 1998

ANNEX

Follow-up on actions taken to implement the recommendations of the Board of Auditors in its report for the biennium ending 31 December 1995

I. RECOMMENDATION 10 (a)

1. Budgetary control at the level of responsibility centres should be improved by closer scrutiny through the generation of exception reports. Rigorous control over budgetary performance of trust funds should be ensured. The format of the periodic budget performance reports should be modified to enable a more meaningful review of expenditures to be made.

Measures taken by the Administration

2. While conceding that the recommendation of the Board of Auditors would make possible a more meaningful review of expenditure, the Administration has put the implementation of the recommendation in abeyance. This was due to the unexpected and substantial workload generated in 1996-1997 by the General Assembly's decision to request the Secretary-General to identify and achieve savings of some $154 million and to the fact that the related reports that had to be prepared for the Assembly had not made it possible to attend to this. In addition, since IMIS was gradually replacing the expenditure reporting system, development of this enhancement might prove to be redundant.

Comments of the Board

3. The Board's audit of financial statements for the biennium ending 31 December 1997 disclosed that the budgetary control at the responsibility centres needed considerable attention. The Board's further comments are provided in the present report.

II. RECOMMENDATION 10 (b)

4. Instead of using the latest available exchange rates, budgetary assumptions relating to operational exchange rates should be based on an averaging method.

Measures taken by the Administration

5. The Administration maintained that it would not be advisable to predetermine whether the averaging method or the latest month should be used for budget forecasting and recosting and that such decision should be taken at the time of each recosting. This was reported to the General Assembly and agreed to by the Advisory Committee on Administrative and Budgetary Questions also.

Comments of the Board

6. The Board has noted the position taken by the Administration.

CHAPTER III. RECOMMENDATION 10 (c)

7. Inflation rates for non-post items should be based on the price trends pertaining to a basket of goods and services normally procured by duty stations. For this purpose necessary data should be collected for major duty stations.

Measures taken by the Administration

8. Although the Administration considered collecting inflation data tailored to the particular consumption pattern of each duty station through questionnaires designed for specific duty stations, the workload in 1996-1997 did not permit this.

Comments of the Board

9. The Board trusts that the Administration will develop questionnaires specific to each major duty station to facilitate a review of price increases.

IV. RECOMMENDATION 10 (d)

10. Instead of adopting uniform assumptions relating to delayed recruitment for all duty stations, appropriate vacancy rates should be used for each duty station separately, based on past trends.

Measures taken by the Administration

11. While appreciating the technical validity of the recommendation, the Administration has explained that in view of the earlier imbalances arising out of the application of location-specific vacancy factors among the different duty stations, the concept of a uniform, Organization-wide vacancy rate was endorsed by the Advisory Committee on Administrative and Budgetary Questions and approved by the General Assembly. In view of the above, the Administration maintained that it was expedient to continue with the existing practice for the time being.

Comments of the Board

12. The Board has noted this position.

V. RECOMMENDATION 10 (e)

13. The budget performance reports presented to the General Assembly should be modified to include the actual expenditures and performance closer to the end of the biennium.

Measures taken by the Administration

14. The Administration has explained that the time and resource constraints did not allow the starting point for expenditure analysis to be a later date than the actual expenditures incurred in the first 18 months of the biennium. The

Administration informed the Board that efforts to further improve the format of the budget performance reports, in the context of IMIS Release 3, were in progress.

Comments of the Board

15. The Board considers that with the introduction and the increased use of IMIS, it should be possible for the Administration to make the starting point for expenditure analysis much closer to the end of the biennium. The Administration should re-examine the matter in the context of its efforts to generate the budget performance reports with the help of IMIS.

VI. RECOMMENDATION 10 (f)

16. To improve overall management control of the Procurement and Transportation Division, the Board recommends that the internal control requirements in the modified structure of the Procurement and Transportation Division should be analysed and appropriate internal control systems established.

Measures taken by the Administration

17. The Administration has taken action to restructure the Procurement Division to enhance supervision and provide for appropriate delegation of authority and to improve internal controls in general.

Comments of the Board

18. The Board has noted the strengthening of the internal control system in the Procurement Division. The Board proposes to review its performance in future audits.

VII. RECOMMENDATION 10 (f) (ii)

19. Action should be taken to establish a reliable unified management information system and a comprehensive database, including for high-value procurement cases, which were exempted from the bidding process.

Measures taken by the Administration

20. The Administration has stated that the reporting facility in the Reality system, the Division's procurement software, provides comprehensive information on the purchase orders, such as the basis of award - whether lowest acceptable bidder or any of the eight permissible exceptions to bidding, which are recorded at the time of creating the purchase orders. The system also provides other details for statistical purposes, such as the name and origin of the supplier, number of requisitions, purchase orders issued, their values and whether or not they were reviewed by the Headquarters Committee on Contracts. The Procurement Division's reporting system is functioning adequately, but continues to be fine-tuned on a regular basis in order to be an effective management tool.

Comments of the Board

21. The Board will review the management information generated periodically and the action taken on such reports in its future audits.

VIII. RECOMMENDATION 10 (f) (iii)

22. The evaluation criteria and the procedure for registration of vendors established under the revised Procurement Manual for supplier procedures should be reviewed over time to see whether any further modifications are required.

Measures taken by the Administration

23. The Administration has stated that the evaluation criteria and the procedure for registration of vendors is monitored and reviewed on an ongoing basis. A team of nine procurement officers evaluates the applications, and applicants who do not meet the standard in the initial evaluation are submitted to the Supplier Review Committee for further views. Any changes necessary are discussed at the meetings of the Supplier Review Committee, and its recommendations are implemented accordingly.

Comments of the Board

24. The comments of the Board are included in the present report.

IX. RECOMMENDATION 10 (f) (iv)

25. Detailed guidelines should be established on methods of invitations to bid covering the various aspects of procurement.

Measures taken by the Administration

26. The Administration has affirmed that detailed guidelines are currently in effect on the methods of invitation to bid. This subject was discussed extensively in the meeting of the Fifth Committee. The Administration has given assurance that open tendering on the Web site and advertisements in newspapers will be addressed.

Comments of the Board

27. The Board looks forward to further action to address the recommendation.

X. RECOMMENDATION 10 (f) (v)

28. The requirements and appropriate categories of goods and services for the duration of proposed systems contracts should be identified in advance through improved procurement planning in the Organization.

Measures taken by the Administration

29. The Administration stated that to a large extent the Procurement Division had been very successful in terms of procurement for Headquarters with regard to projects that were part of the approved biennial budget for requirements generated by the Facilities Management Division and the Information Technology Services Division. The Administration has stated that in the past two years the Procurement Division had made significant progress in establishing systems contracts. Those contracts in general are for a duration of two or three years and have eliminated the repetitive bidding process for the same items or services. This has proven to be an effective and efficient manner of operation, however, systems contracts cannot be applied to all procurement needs. Systems contracts are feasible when there is advance procurement planning and the cooperation of the requisitioning offices is given at all phases of procurement.

Comments of the Board

30. The Board has noted the action taken by the Administration.

XI. RECOMMENDATION 10 (g)

31. The United Nations Postal Administration should develop an appropriate marketing strategy taking into account the possibility of increasing the share of dealer sales and the need to minimize the cost of sales.

Measures taken by the Administration

32. The Administration has stated that in September 1996, UNPA prepared an executive summary of the business plan. This was elaborated upon in detail in June 1997. The full business plan provided a blueprint for the operation and development of UNPA into the year 2000 and established a review mechanism for achieving specific goals and targets. This also included the development of sales strategies as a critical element of the business plan.

Comments of the Board

33. The Board is pleased to note the measures taken by the Administration to optimize the income of the Organization along with reducing the number of regular staff in UNPA.

XII. RECOMMENDATION 10 (h)

34. Sustained efforts should be continued to increase user access to the Optical Disk Project by providing the required information on the utility of the system.

Measures taken by the Administration

35. The Administration has stated that since the establishment of the optical disk system in 1993, there has been an exponential growth in the number of

users, first among the permanent and observer missions to the United Nations at Headquarters and then in government capitals. As at March 1998 there were more than 4,500 users worldwide, including 327 users in the permanent missions in New York, Geneva and Vienna, as well as 202 users in the foreign ministries of Governments of Member States. Available on-line, seven days a week, are 340,000 documents comprising the United Nations parliamentary documentation issued since 1993 in all official languages.

36. In November 1996, access by Internet users to the optical disk system became available when a Web server interface was put into operation at Headquarters. Since 30 June 1997, all permanent missions have been connected to the Internet and through it can access documents stored on the optical disk system, both for their own use and for electronic transmission to capitals. Work on the development of a policy for the further expansion of the optical disk system is in progress. A project to expand the capacity of the system and to upgrade its technological infrastructure is in the planning stage in the Information Technology Services Division of the Department of Management.

Comments of the Board

37. The Board has noted the progress.

XII. RECOMMENDATION 10 (i)

38. The working group of the Technological Innovations Board should be reactivated and a policy on the use of information technology, providing for, inter alia, standardization of hardware and software should be established soon.

Measures taken by the Administration

39. The Administration has informed the Board that the working group has been reactivated and holds regular meetings and that the process of updating its terms of reference towards more comprehensive coverage of information technology issues is in progress and is geared to the Secretary-General's reform measures. Regarding the standardization issue, the Information Technology Services Division is carrying out an extensive personal computer replacement programme through which hardware and software standards for all desktop stations and applications are established.

Comments of the Board

40. The Board has noted the action taken by the Administration.

XIV. RECOMMENDATION 10 (j) (i)

41. To improve the efficiency of conference services, the Board suggests that the practice of maintaining information on the combined output of regular staff and temporary assistance staff in the translation services should be discontinued and the output of temporary assistance staff should be monitored against total expenditures incurred for their engagement.

Measures taken by the Administration

42. The Administration has informed the Board that the recommendation has been implemented. Comparative statistics on the output and productivity of regular and temporary assistance staff are now available.

Comments of the Board

43. The Board is pleased to note the action taken by the Administration.

XV. RECOMMENDATION 10 (j) (ii)

44. Reliable cost data should be developed in respect of the various activities in conference services, and an in-depth study of the cost of services should be undertaken to determine the average cost of each service.

Measures taken by the Administration

45. The Administration has informed the Board that the recommendation is being implemented. The Committee on Conferences and the General Assembly have considered the question of the development of a cost accounting system for conference services in 1996 and 1997 and the Assembly requested the Secretary-General to submit a report on this issue to the Committee on Conferences and the Advisory Committee on Administrative and Budgetary Questions by 31 July 1998. The Administration is taking steps to define the various purposes that cost accounting methods suitable for use in the context of the United Nations would achieve and to determine whether some or all of those purposes could be met by means of incremental changes to IMIS and other information systems of conference services.

Comments of the Board

46. The Board takes note of the action taken.

XVI. RECOMMENDATION 10 (j) (iii)

47. Workload standards should be reviewed and revised upwards, taking into account the benefits derived from the implementation of the technological innovations programme.

Measures taken by the Administration

48. The review of actual output levels of conference servicing staff is being used to determine what adjustments can be made in the existing standards. The results of the review will reflect the current implications for staff productivity of practical factors such as the degree in which intergovernmental bodies actually use the meeting services that they request, the present nature of their proceedings and the prevailing patterns in the organization of their work, the working conditions of interpreters, efficiency in meeting servicing and planning, including over-programming, and in the recruitment of short-term

interpretation staff, the volume of documentation demand that must be met within specific deadlines and the accuracy of documentation forecasts and the development and expanded use of reference and terminology databases and of more powerful text-processing software and standardized procedures, among others. In this way, workload standards reflecting the highest actual output levels that have proved to be achievable on a sustained basis will be arrived at.

Comments of the Board

49. The Board will review the methodology in due course.

XVII. RECOMMENDATION 10 (k) (i)

50. In order to streamline the process of engagement of consultants in United Nations organizations, the Board recommends that the terms of reference of consultants should be prepared more precisely, including objectives, targets and output delivery dates. Necessary guidelines should be issued to all requesting organizations and departments.

Measures taken by the Administration

51. The Administration has given assurance that guidance for the requisitioning offices on required details of consultants' terms of reference is being finalized and will be reflected in the overall Guidelines for the Use of Consultants, which will be issued prior to the fifty-third session of the General Assembly. The relevant guidelines and procedures are being developed in coordination with the United Nations funds and programmes to ensure that their specific interests are taken into consideration and to provide for the consistent application of policies. In the course of the exercise, the Office of Human Resources Management intends to consolidate all related administrative issuances into one comprehensive instruction.

Comments of the Board

52. The Board will keep this matter under review.

XVIII. RECOMMENDATION 10 (k) (ii)

53. To ensure selection of consultants on a more competitive basis, all proposals for consideration of a sole candidate for recruitment should be actively discouraged. Appropriate norms should be established for selection of consultants from a wider geographical base.

Measures taken by the Administration

54. The Administration gives assurance that the implementation of this recommendation will be facilitated by the functionality of IMIS, which includes a roster capability for consultants. It is envisioned that with the Guidelines

on the Use of Consultants, all duty stations will be required to enter their operational list of consultants into the database. Such a roster will then be accessible to all duty stations, and a worldwide database will provide access to information on consultants by occupational field and level (equated to United Nations professional levels) reflecting a much more diverse geographical spread than is currently available to each individual duty station. Details of past performance and reference information will also be made available.

Comments of the Board

55. The Board expects that the Administration would specifically address the issues of recruiting consultants on a competitive basis and on a "sole candidate" basis as well as methods of ensuring a wider geographical base of consultants. The Board will keep this matter under review.

XIV. RECOMMENDATION 10 (k) (iii)

56. Requisitioning units should be required to plan their project and programme personnel requirements in advance and to provide adequate lead time to the various personnel services within the Organization so that proper recruitment action can be taken in compliance with the established rules.

Measures taken by the Administration

57. The Administration has stated that the requisitioning units were advised accordingly and that adequate advance planning in this regard would be emphasized in the forthcoming Guidelines.

Comments of the Board

58. The Board has noted the action proposed by the Administration.

XX. RECOMMENDATION 10 (k) (iv)

59. Recruitment officers in the Department for Development Support and Management Services should be given improved access to comparative information on consultants' fees. The basis for fixing the remuneration of consultants should be recorded.

Measures taken by the Administration

60. During the first quarter of 1998, the Office of Human Resources Management reviewed the standard list of consultancy rates that had been established in the 1980s. The Administration has assured the Board that the revised list of

consultants' fees is in the process of being approved and will be distributed to all duty stations by the summer of 1998.

Comments of the Board

61. The Board will monitor progress in the area.

XXI. RECOMMENDATION 10 (k) (v)

62. The assessment form on consultants should be reviewed to make it more detailed and to indicate more clearly the quality of the consultant's work and the consultant's ability to undertake future assignments.

Measures taken by the Administration

63. The Administration has stated that mechanisms for tracking the past performance of consultants will be maintained in IMIS. However, it is incumbent upon the requisitioning/using departments to ensure that fair and adequate assessment of consultants is done upon completion of each assignment. Guidance will be contained in the administrative issuance that is being developed.

Comments of the Board

64. The Board has noted the action by the Administration.

XXII. RECOMMENDATION 10 (l)

65. The reasonableness of the lump-sum travel grant should be reviewed to see whether a reduced percentage of the lowest full economy fare would be an adequate compensation under the scheme.

Measures taken by the Administration

66. The Administration has stated that to ensure uniformity in the application of the lump-sum scheme throughout the United Nations, including its funds and programmes, as well as the consistency of relevant policies system-wide, the General Assembly, by its decision 51/465, requested the International Civil Service Commission to review the issue of travel entitlements of staff. At its most recent session, the Commission made recommendations regarding standards of travel but did not finalize its work on the subject of the lump-sum scheme. Currently, the Task Force on Common Services requested its Working Group on Personnel Services, in consultation with the Working Group on Travel, to review the matter of the lump-sum scheme with a view to assessing its optimal level and

ensuring a consistent application of policy across New York-based organizations. The review is in progress, and it is geared to the consideration of the matter by the International Civil Service Commission.

Comments of the Board

67. The Board takes note of the review in progress.

XXIII. RECOMMENDATION 10 (m)

68. A system of periodic claims audit should be introduced at the offices of the medical insurance companies to ensure that the claims submitted by them are correct. The possibility of obtaining competitive bids should be explored before awarding medical and dental insurance contracts in future.

Measures taken by the Administration

69. The Administration has stated that the in-house expertise and resources for conducting periodic medical insurance claims audits at the carriers' claims administration centres were reviewed and it was established that they were insufficient for carrying out the exercise. Currently, it was being determined whether financial means could be made available for outsourcing this specialized activity. Concerning competitive bidding for health insurance, the Insurance Claims and Compensation Section, based on the decisions of the Headquarters Life and Health Insurance Committee, solicited proposals from major consulting firms with respect to reviewing the existing health insurance plans at the United Nations, making recommendations regarding the direction in which such plans might develop or be changed, conducting professional satisfaction surveys and assisting with requests for proposals, where warranted, for obtaining alternative insurance plans. It was initially decided to focus on the dental plan.

Comments of the Board

70. The Board notes the progress made.

XXIV. RECOMMENDATION 10 (n)

71. The internal audit coverage of UNHCR country programmes should be enhanced to aim at a shorter audit cycle and to cover activities with high-risk ratings more frequently.

Measures taken by the Administration

72. Staffing resources have been increased to 13 posts, 10 of which are at the Professional level. Recruitment is ongoing.

Comments of the Board

73. The Board has noted the action and would expect that the recruitment action will be completed soon.

XXV. RECOMMENDATION 10 (o)

74. The database of audit activities should be made more comprehensive to ensure inclusion of all audit and related activities and available resources.

Measures taken by the Administration

75. The Administration has stated that the recommendation has been implemented.

Comments of the Board

76. The Board will review the position in its future audits.

XXVI. RECOMMENDATION 10 (p)

77. An appropriate medium-term audit plan should be developed expeditiously, as recommended by the Board in a previous report.

Measures taken by the Administration

78. The medium-term audit plan for 1998-2001 has been finalized for all activities except the UNHCR audit section.

Comments of the Board

79. The Board trusts that the medium-term audit plan for the UNHCR audit section will also be finalized expeditiously.

XXVII. RECOMMENDATION 10 (q)

80. All prior-period audit recommendations should be reviewed to identify and follow up on the more important and relevant issues.

Measures taken by the Administration

81. The Administration has informed the Board that as at 30 March 1998, only 26 recommendations were still outstanding.

Comments of the Board

82. The Board has noted the position.

XXVIII. RECOMMENDATIONS 10 (r) (t)

83. Planning and monitoring of programme outputs should be improved by identifying more formally the timing and resource requirements for the various outputs.

84. To enable more meaningful monitoring of programme performance to be done, there should be a more rigorous estimate of the resources required for each output.

85. To develop an appropriate programme implementation plan, the Statistics Division should:

(i) define each statistical output or activity as a project and plan accordingly;

(ii) reflect in the planning process the timing and resource allocation for non-output specific activities, such as parliamentary services;

(iii) include efficiency and quality performance targets for each output, and plans and targets for quality control activities.

Measures taken by the Administration

86. The capacity of the United Nations Statistics Division for programme monitoring has been significantly enhanced through the establishment of a Programme Management Information System, which is an on-line monitoring system that provides information on a continuous basis of progress made in relation to the implementation of all its programmed activities. A more formal indication of the timing and resource requirements for the various outputs will be pursued in the framework of the Secretariat-wide development and implementation of the proposed "results-oriented budgeting" and relevant performance indicators.

Comments of the Board

87. The Board welcomes the establishment of the Programme Management Information System to monitor activities and looks forward to further progress in resource planning.

XXIX. RECOMMENDATION 10 (u)

88. In technical cooperation projects, benchmarks should be established on the basis of previous experience to test the validity of individual project delivery assumptions and resource allocation.

Measures taken by the Administration

89. Benchmarks were being established on the basis of previous experience to test the validity of project delivery assumptions and resource allocation. A new software system, now being tested by programme managers and expected to

become operational in late 1998, will provide up-to-date information on project activities ahead, on and behind schedule in comparison with the benchmarks.

Comments of the Board

90. The Board notes the progress.

XXX. RECOMMENDATION 10 (v)

91. The Department for Development Support and Management Services should take stronger action when external factors cause excessive delays in executing project activities, and should take appropriate action to overcome difficulties arising from internal factors.

Measures taken by the Administration

92. When external factors cause excessive delays, line managers are required to bring such circumstances together with appropriate recommendations to the attention of the senior management of the Department so that counterpart agencies can be alerted and take appropriate action according to the agreed work plan. The Department is, at the same time, developing new responses to the changing implementation modalities resulting from national execution. Moreover, the Department has instituted a number of improvements to streamline administrative procedures in order to expedite the delivery of services and eliminate the difficulties arising from internal factors. Project meetings are now being held more frequently to review progress made and obstacles encountered and to decide on the course of action to resolve outstanding issues.

Comments of the Board

93. The Board welcomes these actions to identify and remedy the causes of delays in project delivery.

XXXI. RECOMMENDATION 10 (w) (i)

94. To improve the quality of programme planning, monitoring and evaluation in the Organization, the Board recommends that departments should be encouraged to quantify more activities in proposed programme budgets so as to facilitate improved monitoring and evaluation.

Measures taken by the Administration

95. In the context of preparing the proposed 1998-1999 budget, departments were invited to include performance indicators comparing actual performance for 1994-1995, expected performance of 1996-1997 and proposed performance

for 1998-1999. The Administration has further pointed out that the issue is one of compliance and that the budget instructions do require such quantification.

Comments of the Board

96. The Board notes the action taken by the Administration.

XXXII. RECOMMENDATION 10 (w) (ii)

97. Programme outputs and output delivery dates should be quantified by the departments themselves on the basis of appropriate guidelines issued by the Central Monitoring and Inspection Unit. Thereafter, the outputs should be subject to review by the Unit.

Measures taken by the Administration

98. The Administration felt that the inventory of outputs was a replica of the outputs citations appearing in the approved programme budget. The narrative and content of those citations are prepared by the programme managers on the basis of the instructions for the preparation of the biennial programme budget issued by the Controller. Therefore, any attempt to improve the effectiveness of monitoring should be addressed within the context of the instructions for the preparation of the programmatic aspect of the budget, which determine the details to be provided by programme managers in the narratives describing their activities.

Comments of the Board

99. The Board has no comments.

XXXIII. RECOMMENDATION 10 (w) (iii)

100. Guidelines should be issued to all departments to establish formal monitoring procedures. In addition, a central database of monitoring procedures should be established to ensure improved oversight of the monitoring process.

Measures taken by the Administration

101. Guidelines for the establishment of formal monitoring procedures were issued under the joint signature of the heads of the Office of Internal Oversight Services and the Department of Management in November 1997. They specify the broad managerial responsibilities that constitute minimum monitoring and evaluation standards for the heads of departments and offices to follow. The establishment of a central database would be possible and desirable as soon

as monitoring systems are established at the departmental level in response to the guidelines referred to above.

Comments of the Board

102. The Board has noted the action taken by the Administration.

XXXIV. RECOMMENDATION 10 (w) (iv)

103. The Central Monitoring and Inspection Unit should provide to the department concerned regular feedback on the programme performance deficiencies noticed at the end of 12 months and 18 months of the biennium.

Measures taken by the Administration

104. Throughout the biennium, the Central Monitoring and Inspection Unit provides regular feedback to the departments regarding the deficiencies observed in the submissions received. This feedback is part and parcel of the daily work of the Unit's officers. They are in constant contact with the assigned focal points in the departments as well as the individual programme managers to seek clarification about certain aspects of the reporting and to obtain further information. Most of those contacts relate to the observed deficiencies in reporting, namely, incomplete submission, inadequate explanation of the departments regarding programme commitment, reporting of excessive work-months, absence of adequate identifiers to ascertain delivery and a host of other anomalies. As a means of improving the reporting process, it is the intention of the Unit to provide the heads of departments with an assessment of the quality of the reporting after the completion of the biennium. A first step in this direction was undertaken after the completion of the 1994-1995 programme performance exercise, but was limited to those departments in which the egree of deficiencies in reporting warranted the immediate attention of the head of the department.

Comments of the Board

105. The Board has noted the actions taken by the Administration.

XXXV. RECOMMENDATION 10 (w) (v)

106. The number of self-evaluations conducted in departments should be increased by closer monitoring and interaction between the departments and offices and the Central Evaluation Unit. In addition, detailed guidelines should be issued early to all departments, covering current evaluation practices, methodologies and quality standards.

Measures taken by the Administration

107. The Central Evaluation Unit has been involved in a closer interaction with the departments and offices in the context of the new Guidelines on Programme Monitoring and Evaluation of the Office of Internal Oversight Services. It has

conducted one workshop at ESCAP and plans to conduct several others in the near future. An application software programme has been developed by the Office of Internal Oversight Services in cooperation with the Information Technology Services Division to facilitate work on monitoring and self-evaluation in departments and offices.

Comments of the Board

108. The Board has noted these developments.

XXXVI. RECOMMENDATION 10 (w) (vi)

109. Regulations, rules and manuals concerning programme planning, budgeting, monitoring and evaluation should be updated to incorporate changes in budgetary and programme planning practices.

Measures taken by the Administration

110. The updated version of the United Nations Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation, which reflects changes in budgetary and programme planning practices, was scheduled to be presented to the Committee for Programme and Coordination at its thirty-eighth session, to be held in June 1998.

Comments of the Board

111. The Board notes the progress in this area.

CHAPTER III. AUDIT OPINION

We have audited the accompanying financial statements, comprising statements numbered I to XXI, the relevant schedules and the supporting Notes of the United Nations for the period from 1 January 1996 to 31 December 1997. These financial statements are the responsibility of the Secretary-General of the United Nations. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, specialized agencies and the International Atomic Energy Agency. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, and as considered by the Board of Auditors to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Secretary-General, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, these financial statements present fairly, in all respects, the financial position as at 31 December 1997 and the results of operations and cash flows for the period then ended in accordance with the Organization's stated accounting policies set out in Note 2 of the financial statements which were applied on a basis consistent with that of the preceding financial period.

Further, in our opinion, the transactions of the United Nations which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and Legislative Authority.

In accordance with article XII of the Financial Regulations, we have also issued a long-form Report on our audit of the financial statements of the United Nations.

(Signed) Vijay Krishna SHUNGLU
Comptroller and Auditor General
of India

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana

(Signed) Sir John BOURN
Comptroller and Auditor General of the
United Kingdom of Great Britain and
Northern Ireland

15 July 1998

CHAPTER IV. CERTIFICATION OF THE FINANCIAL STATEMENTS

16 April 1998

1. The financial statements of the United Nations for the biennium 1996-1997 ending 31 December 1997 have been prepared in accordance with financial rule 111.4. These include all funds except the special accounts for peacekeeping and the United Nations escrow account established under the provisions of Security Council resolution 986 (1995), which are the subject of separate financial statements. General Assembly resolution 49/233, dated 23 December 1994, established an annual financial period for peacekeeping activities covering the period from 1 July to 30 June, and financial statements are prepared accordingly. The financial statements for the United Nations escrow account are issued on a six-month basis.

2. The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information and clarifications on the financial activities undertaken by the Organization during the period covered by these statements, for which the Secretary-General has administrative responsibility.

3. I certify that the appended financial statements of the United Nations, numbered I to XXI, are correct.

(Signed) Jean-Pierre Halbwachs
Assistant Secretary-General, Controller

Chapter V

Financial statements for the biennium 1996–1997 ending 31 December 1997

A. United Nations all funds summary[a, b]

Statement I

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	General Fund, Working Capital & Special Fund	Technical Cooperation Activities	General Trust Funds	Other Special Funds	All Funds Eliminations	**Total 1997**	**Total 1995 c/**
Income							
Assessed contributions	2,534,033	-	-	70,588	-	2,604,621	2,487,774
Voluntary contributions	-	143,931	315,200	1,202	-	460,333	414,742
Net revenue-producing activities	4,315	-	-	-	-	4,315	518
Funds received under inter-organization arrangements	-	196,730	2,992	-	-	199,722	227,715
Allocations from other funds	-	36,939	17,186	1,457,633	(94,603)	1,417,155	28,730
Jointly financed activities	14,284	-	-	-		14,284	11,660
Income for services rendered	34,225	-	5,926	97,579	(52,667)	85,063	67,721
Interest income	8,030	7,536	42,655	52,251	(156)	110,316	76,899
Other/miscellaneous income	35,202	1,683	24,981	532,949	(368,885)	225,930	229,424
TOTAL INCOME	2,630,089	386,819	408,940	2,212,202	(516,311)	5,121,739	3,545,183
Expenditure							
TOTAL EXPENDITURE	2,532,745	364,103	356,222	1,630,632	(512,423)	4,371,279	3,700,092
Excess (shortfall) of income over expenditure	97,344	22,716	52,718	581,570	(3,888)	750,460	(154,909)
Prior period adjustments	9,971	(301)	(9,856)	(10,509)	-	(10,695)	(41,160)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	107,315	22,415	42,862	571,061	(3,888)	739,765	(196,069)
Savings on or cancellation of prior period obligations	13,617	-	-	4,097	-	17,714	13,517
Transfers (to) from other funds	-	(568)	(3,164)	127	3,605	0	0
Transfers (to) from other organizations	-	(297)	-	-	-	(297)	0
Credits to Member States	(10,125)	-	-	(27,344)	-	(37,469)	0
New Member States contributions	109	-	-	-	-	109	0
Refund to donors	-	-	(8 989)	-	-	(8,989)	(5,649)
Other adjustments to reserves and fund balances	(283)	(388)	(450)	9,451	283	8,613	(78,162)
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	308,207	61,374	296,175	405,263	-	1,071,019	1,337,382
RESERVES AND FUND BALANCES, END OF PERIOD	418,840	82,536	326,434	962,655		1,790,465	1,071,019

[a] See notes 2 and 3.

[b] The Peacekeeping accounts and United Nations escrow account (Security Council resolution 986 (1995) have been omitted as they are reported in separate sets of financial statements in accordance with General Assembly resolution 49/233 dated 23 December 1994 and Council resolution 986 (1995).

[c] Comparative figures have been reclassified to conform to current presentation.

The accompanying notes are an integral part of the financial statements.

Statement II

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

(Thousands of United States dollars)

	General Fund Working Capital & Special Fund	Technical Cooperation Activities	General Trust Funds	Other Special Funds	All Funds Eliminations	Total 1997	Total 1995 a
Assets							
Cash and term deposits	40,811	90,543	363,452	892,190	-	1,386,996	733,013
Investments	-	-	2,426	17,753	-	20,179	13,915
Assessed contributions receivable from Member States	473,470	-	-	14,616	-	488,086	569,249
Voluntary contributions receivable	-	24,489	13,489		-	37,978	24,659
Inter-fund balances receivable b	315,315	31,189	6,089	124,121	(215,452)	261,262	103,744
Other accounts receivable	96,350	15,486	12,440	70,487		194,763	192,177
Deferred charges	98,648	10,681	-	288		109,617	32,076
Inter-office transactions pending	21,789	1,185	1,644	751		25,369	20,219
Other assets	16,843	156,677	36,135	57,984	-	267,639	199,272
Land and buildings	-	-	-	434,805	-	434,805	408,609
TOTAL ASSETS	1,063,226	330,250	435,675	1,612,995	(215,452)	3,226,694	2,296,933
Liabilities							
Contributions or payments received in advance	950	24,171	3,978	437,740	-	466,839	60,448
Unliquidated obligations	205,988	67,641	49,829	76,813	-	400,271	251,144
Inter-fund balances payable b	380,578	6,320	39,759	58,781	(215,452)	269,986	255,770
Other accounts payable	53,176	41,034	15,675	4,043		113,928	534,679
Other liabilities	3,694	108,548	-	72,963	-	185,205	123,873
TOTAL LIABILITIES	644,386	247,714	109,241	650,340	(215,452)	1,436,229	1,225,914
Reserves and fund balances							
Operating reserves	-	158	4,100	50,531	-	54,789	36,940
Reserves for allocations	-	-	37,554	-	-	37,554	14,448
Capital funds relating to land, buildings and technological innovations	-	-	-	513,085	-	513,085	473,223
Working capital funds	100,010	-	-	-	-	100,010	100,060
Authorized retained surplus	68,356	-	-	-	-	68,356	68,356
Fund principal from contributions	48,728	-	4,050	49,337	-	102,115	121,217
Cumulative surplus (deficit)	201,746	-	280,730	349,702	-	832,178	185,413
Balances related to projects funded by donors	-	82,378	-	-	-	82,378	61,237
Surplus available for credit to Member States	-	-	-	-	-	0	10,125
TOTAL RESERVES & FUND BALANCES	418,840	82,536	326,434	962,655	0	1,790,465	1,071,019
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	1,063,226	330,250	435,675	1,612,995	(215,452)	3,226,694	2,296,933

[a] Comparative figures have been reclassified to conform to current presentation.

[b] Includes interfund loans from peacekeeping funds. Interfund balances relating to peacekeeping activities and United Nations escrow account (Security Council resolution 986) have not been eliminated.

The accompanying notes are an integral part of the financial statements.

Statement III

Statement of cash flow for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	General Fund Working Capital & Special Fund	Technical Cooperation Activities	General Trust Funds	Other Special Funds	Total 1997	Total 1995 [a]
Cash flows from operating activities						
Net excess (shortfall) of income over expenditure (Statement I)	107,315	22,415	42,862	571,061	743,653	(194,632)
(Increase) decrease in contributions receivable	90,567	(14,338)	1,019	(9,404)	67,844	(61,129)
(Increase) decrease in other accounts receivable	(9,625)	(996)	(3,062)	11,097	(2,586)	7,059
(Increase) decrease in other assets	(83,537)	(42,711)	(12,014)	(38,992)	(177,254)	32,973
Increase (decrease) in contributions or payments received in advance	(780)	(27,504)	(1,055)	435,730	406,391	24,227
Increase (decrease) in unliquidated obligations	95,535	26,387	19,819	7,386	149,127	7,557
Increase (decrease) in accounts payable	(8,104)	8,376	(2,953)	(418,070)	(420,751)	219,452
Increase (decrease) in other liabilities	1,400	17,585	0	42,347	61,332	(45,206)
Less: Interest income	(8,030)	(7,536)	(42,655)	(52,251)	(110,472)	(76,899)
NET CASH FROM OPERATING ACTIVITIES	184,741	(18,322)	1,961	548,904	717,284	(86,598)
Cash flows from investing and financing activities						
(Increase) decrease in investments	0	0	(244)	(6,020)	(6,264)	(1,740)
(Increase) decrease in inter-fund balances receivable	(209,752)	(16,095)	(23)	(19,942)	(245,812)	(61,345)
Increase (decrease) in inter-fund balances payable	48,348	2,364	26,830	24,968	102,510	225,038
Plus: Interest income	8,030	7,536	42,655	52,251	110,472	76,899
NET CASH FROM INVESTING AND FINANCING	(153,374)	(6,195)	69,218	51,257	(39,094)	238,852
Cash flows from other sources						
Savings on or cancellation of prior period obligations	13,617	0	0	4,097	17,714	13,516
Transfers (to) from other funds	0	(568)	(3,164)	127	(3,605)	(1,437)
Transfers (to) from other organizations	0	(297)	0	0	(297)	0
New Member States contributions	109	0	0	0	109	0
Credits to Member States	(10,125)	0	0	(27,344)	(37,469)	0
Refund to donors	0	0	(8,989)		(8,989)	(5,649)
Other adjustments to reserves and fund balances	(283)	(388)	(450)	9,451	8,330	(78,162)
NET CASH FROM OTHER SOURCES	3,318	(1,253)	(12,603)	(13,669)	(24,207)	(71,732)
Net Increase (Decrease) in Cash and Term Deposits	34,685	(25,770)	58,576	586,492	653,983	80,522
CASH AND TERM DEPOSITS, BEGINNING OF PERIOD	6,126	116,313	304,876	305,698	733,013	652,491
CASH AND TERM DEPOSITS, END OF PERIOD	40,811	90,543	363,452	892,190	1,386,996	733,013

[a] Comparative figures have been reclassified to conform to current presentation

B. United Nations General Fund, Working Capital Fund and Special Account

Statement IV

United Nations General Fund

Statement of appropriations for the biennium 1996–1997 as at 31 December 1997

(Thousands of United States dollars)

Appropriation section	APPROPRIATIONS: Amount approp. by Res. 52/213A	APPROPRIATIONS: Transfers between Sections	APPROPRIATIONS: Revised Total	EXPENDITURES: Disbursements	EXPENDITURES: Unliquidated a/ obligations	EXPENDITURES: Total	Balance
Part I - Overall policy-making, direction and co-ordination							
01 Overall policy-making, direction and co-ordination	38,701.2	(1,131.6)	37,569.6	35,669.0	1,466.8	37,135.8	433.8
Total	38,701.2	(1,131.6)	37,569.6	35,669.0	1,466.8	37,135.8	433.8
Part II - Political Affairs							
02 Political Affairs	56,512.5	-	56,512.5	53,828.3	1,714.4	55,542.7	969.8
03 Peace-keeping operations and special missions	152,770.6	(13,237.2)	139,533.4	129,164.5	10,368.9	139,533.4	-
04 Outer Space Affairs	4,126.7	-	4,126.7	4,011.1	100.7	4,111.8	14.9
Total	213,409.8	(13,237.2)	200,172.6	187,003.9	12,184.0	199,187.9	984.7
Part III - International justice and law							
05 International Court of Justice	20,157.7	111.7	20,269.4	19,934.4	335.0	20,269.4	-
06 Legal activities	29,674.1	-	29,674.1	27,527.7	1,744.4	29,272.1	402.0
Total	49,831.8	111.7	49,943.5	47,462.1	2,079.4	49,541.5	402.0
Part IV - International co-operation for development							
07A Department for Policy Co-ordination and Sustainable Development	41,660.6	805.8	42,466.4	39,601.8	2,864.6	42,466.4	-
07B Africa: Critical Economic Situation, Recovery and Development	4,515.3	-	4,515.3	3,988.3	320.5	4,308.8	206.5
08 Department for Economic and Social Information and Policy Analysis	45,454.9	1,439.8	46,894.7	44,168.4	2,726.3	46,894.7	-
09 Department for Development Support and Management Services	27,387.7	822.8	28,210.5	27,009.1	1,201.4	28,210.5	-
10A United Nations Conference on Trade and Development	103,973.4	-	103,973.4	101,678.8	2,115.4	103,794.2	179.2
10B International Trade Centre	19,983.2	134.6	20,117.8	20,117.8	-	20,117.8	-

Appropriation section	APPROPRIATIONS: Amount approp. by Res. 52/213A	APPROPRIATIONS: Transfers between Sections	APPROPRIATIONS: Adjusted Appropriation	EXPENDITURES: Disbursements	EXPENDITURES: Unliquidated obligations a/	EXPENDITURES: Total Expenditure	Balance
11 United Nations Environment Programme	7,029.7	-	7,029.7	6,750.6	249.8	7,000.4	29.3
12 United Nations Centre for Human Settlements (HABITAT)	11,580.9	575.3	12,156.2	11,244.2	912.0	12,156.2	-
13 Crime Control	4,454.7	42.6	4,497.3	4,131.6	365.7	4,497.3	-
14 International drug control programme	15,285.3	135.8	15,421.1	14,612.6	808.5	15,421.1	-
Total	281,325.7	3,956.7	285,282.4	273,303.2	11,564.2	284,867.4	415.0
Part V - Regional co-operation for development							
15 Economic Commission for Africa	75,093.7	-	75,093.7	70,598.1	3,938.3	74,536.4	557.3
16 Economic and Social Commission for Asia and the Pacific	61,174.3	-	61,174.3	59,326.4	1,662.9	60,989.3	185.0
17 Economic Commission for Europe	43,522.4	228.5	43,750.9	43,177.2	573.7	43,750.9	-
18 Economic Commission for Latin America and the Caribbean	76,883.7	-	76,883.7	75,759.3	976.8	76,736.1	147.6
19 Economic and Social Commission for Western Asia	33,971.5	-	33,971.5	30,604.0	2,306.8	32,910.8	1,060.7
20 Regular programme of technical co-operation	37,375.9	-	37,375.9	35,035.8	1,902.7	36,938.5	437.4
Total	328,021.5	228.5	328,250.0	314,500.8	11,361.2	325,862.0	2,388.0
Part VI - Human rights and humanitarian affairs							
21 Human rights	45,254.2	(1,118.2)	44,136.0	41,457.5	2,678.5	44,136.0	-
22 Office of the United Nations High Commissioner for Refugees	47,584.6	63.0	47,647.6	47,346.8	300.8	47,647.6	-
23 United Nations Relief and Works Agency for Palestine Refugees in the Near East	18,277.8	5,147.4	23,425.2	23,425.2	-	23,425.2	-
24 Department of Humanitarian Affairs	18,506.9	105.2	18,612.1	17,123.4	1,488.7	18,612.1	-
Total	129,623.5	4,197.4	133,820.9	129,352.9	4,468.0	133,820.9	-
Part VII - Public information							
25 Public information	132,644.9	(2,126.4)	130,518.5	126,476.9	4,041.6	130,518.5	-
Total	132,644.9	(2,126.4)	130,518.5	126,476.9	4,041.6	130,518.5	-

Appropriation section	APPROPRIATIONS: Amount approp. by Res. 52/213A	APPROPRIATIONS: Transfers between Sections	APPROPRIATIONS: Adjusted Appropriation	EXPENDITURES: Disburse-ments	EXPENDITURES: Unliquidated obligations a/	EXPENDITURES: Total Expenditure	Balance
Part VIII - Common support services							
26 Department of Administration and Management	894,215.7	(2,289.9)	891,925.8	835,118.0	56,807.8	891,925.8	-
Total	894,215.7	(2,289.9)	891,925.8	835,118.0	56,807.8	891,925.8	-
Part IX - Jointly financed administrative activities and special expenses							
27 Jointly financed administrative activities	26,745.2	-	26,745.2	23,982.2	1,734.8	25,717.0	1,028.2
28 Special expenses	42,734.5	-	42,734.5	40,486.4	552.5	41,038.9	1,695.6
Total	69,479.7	-	69,479.7	64,468.6	2,287.3	66,755.9	2,723.8
Part X - Office of Internal Oversight Services							
29 Office of Internal Oversight Services	14,626.8	-	14,626.8	13,392.4	426.3	13,818.7	808.1
Total	14,626.8	-	14,626.8	13,392.4	426.3	13,818.7	808.1
Part XI - Capital expenditures							
30 Technological innovations	24,245.0	-	24,245.0	23,508.2	726.2	24,234.4	10.6
31 Construction, alteration, improvements and major maintenance of premises	26,531.0	-	26,531.0	11,855.7	13,514.7	25,370.4	1,160.6
Total	50,776.0	-	50,776.0	35,363.9	14,240.9	49,604.8	1,171.2
Part XII - Staff assessment							
32 Staff assessment	335,421.6	10,290.8	345,712.4	345,712.4	-	345,712.4	-
Total	335,421.6	10,290.8	345,712.4	345,712.4	-	345,712.4	-
Part XIII - International Seabed Authority							
33 International Seabed Authority	3,993.7	-	3,993.7	3,993.7	-	3,993.7	-
Total	3,993.7	-	3,993.7	3,993.7	-	3,993.7	-
Grand Total	2,542,071.9	-	2,542,071.9	2,411,817.8	120,927.5	2,532,745.3	9,326.6

a/ Includes charges against budget accounts credited to accounts payable

Schedule 4.1

Status of appropriations by programme and major object of expenditure for the biennium 1996–1997 as at 31 December 1997[a]

(Thousands of United States dollars)

Appropriation section	Revised appropriation	Salaries & common staff costs	Travel	Contractual services	Operating expenses & supplies	Acquisitions and new premises	All other expenses	Total Expenditure	Unencumbered balance
Part I - Overall policy-making, direction and co-ordination									
01 Overall policy-making, direction and co-ordination	37,569.6	23,799.7	5,782.8	3,571.9	763.2	47.3	3,170.9	37,135.8	433.8
Total	37,569.6	23,799.7	5,782.8	3,571.9	763.2	47.3	3,170.9	37,135.8	433.8
Part II - Political Affairs	56,512.5	49,463.9	1,967.3	636.8	1,565.2	796.7	1,112.8	55,542.7	969.8
02 Political Affairs	139,533.4	97,081.0	6,376.7	1,066.8	19,528.0	3,343.6	12,137.3	139,533.4	-
03 Peace-keeping operations and special missions b/	4,126.7	3,688.1	83.3	-	1.4	9.1	329.9	4,111.8	14.9
04 Outer Space Affairs	200,172.6	150,233.0	8,427.3	1,703.6	21,094.6	4,149.4	13,580.0	199,187.9	984.7
Total									
Part III - International justice and law									-
05 International Court of Justice	20,269.4	12,551.3	71.0	4,849.5	2,434.7	362.9	-	20,269.4	402.0
06 Legal activities	29,674.1	23,446.3	2,252.6	1,857.9	425.4	983.3	306.6	29,272.1	402.0
Total	49,943.5	35,997.6	2,323.6	6,707.4	2,860.1	1,346.2	306.6	49,541.5	
Part IV - International co-operation for development									-
07A Department for Policy Co-ordination and Sustainable Development	42,466.4	36,789.4	3,103.7	241.0	1,530.7	276.4	525.2	42,466.4	206.5
07B Africa: Critical Economic Situation, Recovery and Development	4,515.3	3,890.2	183.0	186.2	49.4	-	-	4,308.8	-
08 Department for Economic and Social Information and Policy Analysis	46,894.7	44,511.9	508.8	424.1	755.4	694.5	-	46,894.7	-
09 Department for Development Support and Management Services	28,210.5	26,698.7	750.2	17.1	623.8	120.7	-	28,210.5	-
10A United Nations Conference on Trade and Development	103,973.4	95,984.5	1,875.5	463.6	4,812.3	658.3	-	103,794.2	179.2
10B International Trade Centre	20,117.8	-	-	-	-	-	20,117.8	20,117.8	-

Appropriation section	Revised appro-priation	Salaries & common staff costs	Travel	Contractual services	Operating expenses & supplies	Acquisitions and new premises	All other expenses	Total Expenditure	Unencumbered balance
11 United Nations Environment Programme	7,029.7	6,556.7	251.0	41.9	146.1	4.7	-	7,000.4	29.3
12 United Nations Centre for Human Settlements (HABITAT)	12,156.2	11,705.4	207.3	70.5	173.0	-	-	12,156.2	-
13 Crime Control	4,497.3	4,270.9	165.0	43.7	0.5	17.2	-	4,497.3	-
14 International drug control programme	15,421.1	13,593.8	955.1	491.2	204.7	176.3	-	15,421.1	-
Total	285,282.4	244,001.5	7,999.6	1,979.3	8,295.9	1,948.1	20,643.0	284,867.4	415.0
Part V - Regional co-operation for development									
15 Economic Commission for Africa	75,093.7	61,332.9	2,096.5	758.0	6,903.6	2,349.0	1,096.4	74,536.4	557.3
16 Economic and Social Commission for Asia and the Pacific	61,174.3	53,388.3	748.6	432.6	5,215.4	1,204.4	-	60,989.3	185.0
17 Economic Commission for Europe	43,750.9	42,382.0	548.1	162.2	193.6	465.0	-	43,750.9	-
18 Economic Commission for Latin America and the Caribbean	76,883.7	66,200.9	1,294.1	788.8	7,334.6	1,117.7	-	76,736.1	147.6
19 Economic and Social Commission for Western Asia	33,971.5	28,752.1	395.5	293.7	2,572.9	896.6	-	32,910.8	1,060.7
20 Regular programme of technical co-operation	37,375.9	31,990.6	3,162.4	15.8	16.3	101.3	1,652.1	36,938.5	437.4
Total	328,250.0	284,046.8	8,245.2	2,451.1	22,236.4	6,134.0	2,748.5	325,862.0	2,388.0
Part VI - Human rights and humanitarian affairs	44,136.0	33,843.5	7,924.7	431.6	1,359.6	563.2	13.4	44,136.0	-
21 Human rights									
22 Office of the United Nations High Commissioner for Refugees	47,647.6	47,647.6	-	-	-	-	-	47,647.6	-
23 United Nations Reliefs and Works Agency for Palestine Refugees in the Near East	23,425.2	23,425.2	-	-	-	-	-	23,425.2	-
24 Department of Humanitarian Affairs	18,612.1	14,420.2	1,149.6	383.3	1,184.0	279.1	1,195.9	18,612.1	-
Total	133,820.9	119,336.5	9,074.3	814.9	2,543.6	842.3	1,209.3	133,820.9	-

Appropriation section	Revised appro-priation	Salaries & common staff costs	Travel	Contractual services	Operating expenses & supplies	Acquisitions and new premises	All other expenses	Total Expenditure	Unencumbered balance
Part VII - Public Information									
25 Public information	130,518.5	101,633.1	1,037.6	13,250.1	11,914.0	2,411.2	272.5	130,518.5	-
Total	130,518.5	101,633.1	1,037.6	13,250.1	11,914.0	2,411.2	272.5	130,518.5	-
Part VIII - Common support services									
26 Department of Administration and Management	891,925.8	672,619.9	3,271.0	27,750.5	155,602.0	22,813.8	9,868.6	891,925.8	-
Total	891,925.8	672,619.9	3,271.0	27,750.5	155,602.0	22,813.8	9,868.6	891,925.8	-
Part IX - Jointly financed activities and special expenses									
27 Jointly financed administrative activities	26,745.2	15,156.7	1,383.2	684.7	962.1	211.7	7,318.6	25,717.0	1,028.2
28 Special expenses	42,734.5	39,287.8	-	-	1,230.5	-	520.6	41,038.9	1,695.6
Total	69,479.7	54,444.5	1,383.2	684.7	2,192.6	211.7	7,839.2	66,755.9	2,723.8
Part X - Office of Internal Oversight Services									
29 Office of Internal Oversight Services	14,626.8	12,802.3	526.4	61.0	153.8	275.2	-	13,818.7	808.1
Total	14,626.8	12,802.3	526.4	61.0	153.8	275.2	-	13,818.7	808.1
Part XI - Capital expenditures									
30 Technological innovations	24,245.0	3,614.2	-	2,614.2	3,407.4	156.7	14,441.9	24,234.4	10.6
31 Construction, alteration, improvements and major maintenance of premises	26,531.0	238.1	-	-	-	25,132.3	-	25,370.4	1,160.6
Total	50,776.0	3,852.3	-	2,614.2	3,407.4	25,289.0	14,441.9	49,604.8	1,171.2
Part XII - Staff assessment									
32 Staff assessment	345,712.4	345,712.4	-	-	-	-	-	345,712.4	-
Total	345,712.4	345,712.4	-	-	-	-	-	345,712.4	-

Appropriation section	Revised appro-priation	Salaries & common staff costs	Travel	Contractual services	Operating expenses & supplies	Acquisitions and new premises	All other expenses	Total Expenditure	Unencumbered balance
Part XIII - International Seabed Authority									
33 International Seabed Authority	3,993.7	-	-	-	-	-	3,993.7	3,993.7	-
Total	3,993.7	-	-	-	-	-	3,993.7	3,993.7	-
Grand Total	2,542,071.9	2,048,479.6	48,071.0	61,588.7	231,063.6	65,468.2	78,074.2	2,532,745.3	9,326.6

[a] For conciseness, the present schedule has been limited to reflect the sections of appropriations by major object of expenditure.

[b] Total expenditure is made up of the following:

Executive direction and management	7,274.9
MINUGUA	47,330.6
UNTSO	41,985.5
UNMOGIP	10,707.7
Office of the Secretary-General in Afghanistan	3,633.4
Mission to Haiti	8,805.4
Mission to Burundi	3,276.9
Field operations support	3,630.4
Other special missions	12,888.6
Total	139,533.4

Statement V

United Nations General Fund[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996-1997 ending 31 December 1997

(Thousands of United States dollars)

		1997	1995 b/
Income			
Assessed contributions c/		2,534,023	2,459,014
Net income from revenue-producing activities	(Schedule 5.1)	4,315	518
Jointly financed activities		14,284	11,660
Income for services rendered		34,225	26,724
Interest income		2,060	1,550
Other/miscellaneous income	(Schedule 5.2)	35,118	27,768
TOTAL INCOME		2,624,025	2,527,234
Expenditure			
TOTAL EXPENDITURE	(Statement IV)	2,532,745	2,632,016
Excess (shortfall) of income over expenditure		91,280	(104,782)
Prior period adjustments d/		10,031	-
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		101,311	(104,782)
Savings on or cancellation of prior period obligations		13,617	9,403
Credits to Member States		(10,125)	-
New Member States' contributions		109	-
Adjustments for South Africa's arrears		-	(53,882)
Other adjustments to fund balances		(283) e/	(5,281)
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD		53,373	207,915
RESERVES AND FUND BALANCES, END OF PERIOD		158,002	53,373

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

(Thousands of United States dollars)

		1997	1995 b/
Assets			
Cash and term deposits f/		17,811	(3,874)
Assessed contributions receivable from Member States c/	(Schedule 5.3)	473,460	564,037
Inter-fund balances receivable		283,690	102,235
Due from United Nations Tax Equalization Fund		28,297	-
Other accounts receivable		96,350	86,725
Deferred charges		98,648	16,823
Inter-office transactions pending processing		21,789	19,706
Special account for assessed contributions unpaid pursuant to resolution 3049 C (XXVII)		16,637	16,637
Other assets g/		206	577
TOTAL ASSETS		1,036,888	802,866
Liabilities			
Payments of contributions received in advance		950	1,730
Unliquidated obligations- current year		120,927	108,208
Unliquidated obligations- future years		85,061	2,245
Inter-fund balances payable		202,977	63,841
Due to United Nations Tax Equalization Fund		-	34,973
Due to United Nations Working Capital Fund		100,000	100,060
Due to United Nations Special Account		134,500	141,446
Due to United Nations Peace-keeping Reserve Fund		57,601	57,601
Due to United Nations Protection Force		-	175,815
Due to United Nations Mission in Haiti		78,000	-
Due to United Nations Operation in Mozambique		23,000	-
Due to United Nations Assistance Mission in Rwanda		19,000	-
Other accounts payable h/		53,176	61,280
Other liabilities		3,694	2,294
TOTAL LIABILITIES		878,886	749,493
Reserves and fund balances			
Authorized retained surplus		68,356	68,356
Credits to Member States		-	10,125
Cumulative surplus		89,646	(25,108)
TOTAL RESERVES AND FUND BALANCES		158,002	53,373
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		1,036,888	802,866

a/ See note 5.

b/ Comparative figures reclassified to conform to current presentation.

c/ Includes contributions unpaid irrespective of collectibility. See note 4 for reconciliation of appropriations and assessments.

d/ Comprises $10,124,793 of 1995 surplus credited to Member States in 1997 and ($94,382) write-off of UNITAR operating costs incurred in the prior financial period.

e/ Represents additional absorption of UNITAR debt (see note 5).

f/ Comprises overdraft at Chase Manhattan Bank of $8,588,410 offset by other operational cash and time deposits of $26,399,084.

g/ Represents physical inventory of the United Nations Gift Centre.

h/ Includes current year unliquidated obligations from revenue-producing activities.

The accompanying notes are an integral part of the financial statements.

Schedule 5.1

Revenue-producing activities: schedule of income and expenditure for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	Sale of UN Postage Stamps a/	Garage Operation	Gift Center a/	Newsstand and Catering b/	Sale of Publication	Services to Visitors	Statistical Services	Total as at 31 December 1997	Total as at 31 December 1995
Income:									
Gross receipts	21,444	3,004	2,663	219	15,158	5,719	1,086	49,293	53464
Less: Cost of Sales	3,317	-	981	-	4,010	-	-	8,308	10,740
Net income from sales	18,127	3,004	1,682	219	11,148	5,719	1,086	40,985	42,724
Expenditure:									
Staff and other personnel costs	14,889	1,305	1,233	57	6,673	6,266	401	30,824	34,796
Operating expenses	563	289	36	-	1,694	147	125	2,854	3,888
Acquisitions	100	-	13	-	185	7	296	601	500
Promotional costs	1,368	-	-	-	796	170	-	2,334	2,944
Management fees	-	-	27	-	30	-	-	57	78
Total expenditure	16,920	1,594	1,309	57	9,378	6,590	822	36,670	42,206
Excess of income over expenditure	1,207	1,410	373	162	1,770	(871)	264	4,315	518
Final estimates for the biennium 1996-1997	1,693	1,414	542	140	667	(1,661)	331	3,126 c/	(1593) d/

[a] Proportionate share of commercial management activities total $1,779,417 (UNPA $1,186,278 and garage administration $593,139).

[b] Represents income of $162,000 from newsstand and $57,000 from catering services.

[c] Total of $3,126,200 represents the final approved estimates for the biennium 1996–1997 approved in General Assembly resolution 52/213 B of 22 December 1997.

[d] Total of ($1,593,000) represents the final approved estimate for the biennium 1994–1995 approved in General Assembly resolution 50/205 B of 23 December 1995.

Schedule 5.2

Schedule of miscellaneous income for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	Final estimates for the biennium 1996-1997	Actual for the biennium 1996-1997	Actual for the biennium 1994-1995
Net income from revenue-producing activities	3,126	4,315	518
Jointly financed activities:			
Specialized agencies share of costs for the International Civil Service Commision	7,439	7,444	6,916
Specialized agencies share of costs for the Joint Inspection Unit	7,050	6,840	4,744
Sub-total	14,489	14,284	11,660
Income for services rendered	31,661	34,225	26,724
Interest income	1,728	2,060	1,550
Other/miscellaneous income:			
Income from rental of premises	13,222	15,194	12,528
Sale of used equipment	249	285	445
Refund of prior years' expenditures	2,755	2,699	2,125
Contributions of Non-Member States	7,850	7,850	7,543
Television and similar services	1,046	1,061	1,341
Other	2,876	8,029	3,786
Sub-total	27,998	35,118	27,768
TOTAL NON-ASSESSED INCOME	79,002	90,002	68,220

Schedule 5.3

Assessed contributions unpaid as at 31 December 1997

(United States dollars)

Member state	Assessed Contributions Unpaid as at 1 January 1996	Net Assessed Contributions 1996 and 1997 a/	Collections During 1996 & 1997	Assessed contributions unpaid			
				Prior years	1996	1997	Total
AFGHANISTAN	313,057	215,278	383,700	-	38,127	106,508	144,635
ALBANIA	-	215,278	108,770	-	-	106,508	106,508
ALGERIA	-	3,444,450	3,444,450	-	-	-	-
ANDORRA	-	215,278	215,278	-	-	-	-
ANGOLA	-	215,278	-	-	108,770	106,508	215,278
ANTIGUA AND BARBUDA	-	215,278	143,770	-	-	71,508	71,508
ARGENTINA	3,245,333	10,333,350	9,466,304	-	-	4,112,379	4,112,379
ARMENIA	2,153,360	1,130,776	1,877,374	275,986	598,236	532,540	1,406,762
AUSTRALIA	-	31,861,160	31,861,160	-	-	-	-
AUSTRIA	-	18,674,811	18,674,811	-	-	-	-
AZERBAIJAN	2,894,062	2,449,637	3,471,473	-	700,640	1,171,586	1,872,226
BAHAMAS	-	430,555	430,555	-	-	-	-
BAHRAIN	-	430,555	430,555	-	-	-	-
BANGLADESH	-	215,278	215,278	-	-	-	-
BARBADOS	-	215,278	215,278	-	-	-	-
BELARUS	10,377,785	6,163,749	11,887,500	-	1,671,814	2,982,220	4,654,034
BELGIUM	-	21,715,896	21,715,896	-	-	-	-
BELIZE	-	215,278	215,278	-	-	-	-
BENIN	-	215,278	215,278	-	-	-	-
BHUTAN	211,006	215,278	319,776	-	-	-	-
BOLIVIA	109,006	215,278	324,284	-	-	106,508	106,508
BOSNIA AND HERZEGOVINA	1,093,778	242,471	362,392	-	-	-	-
BOTSWANA	-	215,278	215,278	731,386	135,963	106,508	973,857
BRAZIL	-	34,875,052	18,171,111	-	-	-	-
BRUNEI DARUSSALAM	-	430,555	430,555	-	-	16,703,942	16,703,942
BULGARIA	874,222	1,749,418	1,856,783	-	-	-	-
BURKINA FASO	233,942	215,278	449,221	-	-	766,857	766,857
BURUNDI	270,103	215,278	235,126	-	-	-	-
CAMBODIA	210,971	215,278	319,741	34,977	108,770	106,508	250,255
CAMEROON	-	215,278	215,278	-	-	106,508	106,508
CANADA	-	66,869,912	66,869,912	-	-	-	-
CAPE VERDE	193,955	215,278	129,236	-	-	-	-
CENTRAL AFRICAN REPUBLIC	366,609	215,278	-	64,719	108,770	106,508	279,997
CHAD	324,400	215,278	261,955	366,609	108,770	106,508	581,887
CHILE	1,500,000	1,722,225	3,222,225	62,445	108,770	106,508	277,723
CHINA	-	15,876,195	15,876,195	-	-	-	-

Member state	Assessed Contributions Unpaid as at 1 January 1996	Net Assessed Contributions 1996 and 1997	Collections During 1996 & 1997	Assessed contributions unpaid			
				Prior years	1996	1997	Total
COLOMBIA	-	2,152,780	2,152,780	-	-	-	-
COMOROS	417,367	215,278	25,755	391,612	108,770	106,508	606,890
CONGO	157,310	215,278	157,310	0	108,770	106,508	215,278
COSTA RICA	69,758	215,278	201,694	-	-	83,341	83,341
COTE D' IVOIRE	123,865	215,278	339,143	-	-	-	-
CROATIA	1,949,074	1,937,503	3,886,577	-	-	-	-
CUBA	1,088,008	1,103,584	1,837,500	-	-	354,092	354,092
CYPRUS	109,278	645,834	755,111	-	-	-	-
CZECH REPUBLIC	-	5,490,723	5,490,723	-	-	-	-
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	-	-	-				-
DEMOCRATIC REPUBLIC OF THE CONGO	740,441	1,076,391	1,466,734	-	-	350,098	350,098
DENMARK	38,279	215,278	147,048	-	1	106,508	106,509
DJIBOUTI	-	15,472,830	15,472,830	-	-	-	-
DOMINICA	211,006	215,278	265,908	-	53,868	106,508	160,376
DOMINICAN REPUBLIC	278,164	215,278	170,928	107,236	108,770	106,508	322,514
ECUADOR	926,415	215,278	1,141,693	-	-	-	-
EGYPT	96,175	430,555	249,400	-	64,315	213,015	277,330
EL SALVADOR	-	1,613,455	1,613,455	-	-	-	-
EQUATORIAL GUINEA	-	215,278	108,770	-	-	106,508	106,508
ERITREA	269,930	215,278	344,305	-	34,395	106,508	140,903
ESTONIA	-	215,278	215,278	-	-	-	-
ETHIOPIA	1,449,330	888,305	1,499,400	-	412,203	426,032	838,235
FIJI	-	215,278	215,278	-	-	-	-
FINLAND	-	215,278	215,278	-	-	-	-
FRANCE	-	13,320,050	13,320,050	-	-	-	-
GABON	-	138,072,578	138,072,578	-	-	-	-
GAMBIA	516,837	215,278	732,115	-	-	-	-
GEORGIA	284,157	215,278	130,373	153,784	108,770	106,508	369,062
GERMANY	6,889,531	2,449,637	7,136,700	-	1,030,882	1,171,586	2,202,468
GHANA	-	194,851,612	194,851,612	-	-	-	-
GREECE	-	215,278	108,770	-	-	106,508	106,508
GRENADA	-	8,180,567	8,180,567	-	-	-	-
GUATEMALA	344,757	215,278	245,479	99,278	108,770	106,508	314,556
GUINEA	538,981	430,555	649,584	-	106,937	213,015	319,952
GUINEA-BISSAU	265,626	215,278	352,000	-	22,396	106,508	128,904
GUYANA	332,757	215,278	263,400	69,357	108,770	106,508	284,635
	115,482	215,278	293,655	-	-	37,105	37,105

Member state	Assessed Contributions Unpaid as at 1 January 1996	Net Assessed Contributions 1996 and 1997	Collections During 1996 & 1997	Assessed contributions unpaid			
				Prior years	1996	1997	Total
HAITI	-	215,278	161,798	138,767	108,770	106,508	354,045
HONDURAS	300,565	215,278	332,383	-	48,378	106,508	154,886
HUNGARY	271,992	3,013,894	3,013,894	-	-	-	-
ICELAND	-	645,834	645,834	-	-	-	-
INDIA	-	6,673,622	6,673,622	-	-	-	-
INDONESIA	-	3,013,894	3,013,894	-	-	-	-
IRAN (ISLAMIC REPUBLIC OF)	7,302,715	9,877,862	13,462,261	-	-	3,718,316	3,718,316
IRAQ	4,174,324	3,013,894	-	4,174,324	1,522,783	1,491,111	7,188,218
IRELAND	-	4,520,841	4,520,841	-	-	-	-
ISRAEL	4,415,977	5,785,317	6,343,481	-	982,100	2,875,713	3,857,813
ITALY	-	112,449,960	112,449,960	-	-	-	-
JAMAICA	-	215,278	215,278	-	-	-	-
JAPAN	-	334,571,670	334,571,670	-	-	-	-
JORDAN	-	215,278	215,278	-	-	-	-
KAZAKHSTAN	7,473,515	4,199,053	10,672,568	-	-	1,000,000	1,000,000
KENYA	-	215,278	111,954	-	-	103,324	103,324
KUWAIT	-	4,090,284	4,090,284	-	-	-	-
KYRGYZSTAN	1,490,650	673,027	1,709,700	-	134,454	319,523	453,977
LAO PEOPLE'S DEMOCRATIC REPUBLIC	-	-	-				-
LATVIA	-	215,278	215,278	-	-	-	-
LEBANON	3,827,133	1,749,418	3,838,360	-	886,128	852,063	1,738,191
LESOTHO	-	215,278	215,278	-	-	-	-
LIBERIA	-	215,278	130,259	-	-	85,019	85,019
LIBYAN ARAB JAMAHIRIYA	552,351	215,278	-	552,351	108,770	106,508	767,629
LIECHTENSTEIN	-	4,332,755	4,332,755	-	-	-	-
LITHUANIA	-	215,278	215,278	-	-	-	-
LUXEMBOURG	3,142,142	1,776,610	3,504,753	-	561,936	852,063	1,413,999
MADAGASCAR	-	1,506,947	1,506,947	-	-	-	-
MALAWI	153,900	215,278	288,055	-	-	81,123	81,123
MALAYSIA	6,116	215,278	221,394	-	-	-	-
MALDIVES	-	3,013,894	3,013,894	-	-	-	-
MALI	109,278	215,278	324,556	-	-	-	-
MALTA	328,494	215,278	492,049	-	-	51,723	51,723
MARSHALL ISLANDS	-	215,278	215,278	-	-	-	-
MAURITANIA	-	215,278	215,278	-	-	-	-
MAURITIUS	274,675	215,278	415,495	-	-	74,459	74,459
	-	215,278	108,770	-	-	106,508	106,508

Member state	Assessed Contributions Unpaid as at 1 January 1996	Net Assessed Contributions 1996 and 1997	Collections During 1996 & 1997	Assessed contributions unpaid			
				Prior years	1996	1997	Total
MEXICO	-	16,979,778	16,979,778	-	-	-	-
MICRONESIA (FEDERATED STATES OF)	-	215,278	215,278	-	-	-	-
MONACO	-	215,278	215,278	-	-	-	-
MONGOLIA	-	215,278	215,278	-	-	-	-
MOROCCO	-	645,834	636,558	-	-	9,277	9,277
MOZAMBIQUE	-	215,278	215,278	-	-	-	-
MYANMAR	-	215,278	215,278	-	-	-	-
NAMIBIA	-	215,278	215,278	-	-	-	-
NEPAL	-	215,278	215,278	-	-	-	-
NETHERLANDS	-	34,202,025	34,202,025	-	-	-	-
NEW ZEALAND	-	5,166,675	5,166,675	-	-	-	-
NICARAGUA	155,408	215,278	109,100	46,308	108,770	106,508	261,586
NIGER	318,660	215,278	389,484	-	37,946	106,508	144,454
NIGERIA	-	2,422,443	2,422,443	-	-	-	-
NORWAY	-	12,055,574	12,055,574	-	-	-	-
OMAN	-	861,113	861,113	-	-	-	-
PAKISTAN	-	1,291,669	1,291,669	-	-	-	-
PALAU	-	215,278	215,278	-	-	-	-
PANAMA	120,084	215,278	258,349	-	-	77,013	77,013
PAPUA NEW GUINEA	10	215,278	215,288	-	-	-	-
PARAGUAY	-	215,278	215,278	-	-	-	-
PERU	1,266,038	1,291,669	2,557,707	-	-	-	-
PHILIPPINES	-	1,291,669	1,291,669	-	-	-	-
POLAND	-	7,185,755	7,185,755	-	-	-	-
PORTUGAL	-	5,973,402	5,973,402	-	-	-	-
QATAR	218,556	861,113	682,701	-	-	396,968	396,968
REPUBLIC OF KOREA	-	17,625,613	17,625,613	-	-	-	-
REPUBLIC OF MOLDOVA	1,982,669	1,776,610	2,549,362	-	357,854	852,063	1,209,917
ROMANIA	812,104	3,229,171	4,041,275	-	-	-	-
RUSSIAN FEDERATION	-	93,881,614	93,881,614	-	-	-	-
RWANDA	309,918	215,278	328,732	-	89,956	106,508	196,464
SAINT KITTS AND NEVIS	189,878	215,278	381,803	-	-	23,353	23,353
SAINT LUCIA	-	215,278	215,278	-	-	-	-
SAINT VINCENT AND THE GRENADINES	209,490	215,278	207,009	2,481	108,770	106,508	217,759
SAMOA	-	215,278	215,278	-	-	-	-
SAN MARINO	-	215,278	215,278	-	-	-	-
SAO TOME AND PRINCIPE	441,024	215,278	249,073	191,951	108,770	106,508	407,229

Member state	Assessed Contributions Unpaid as at 1 January 1996	Net Assessed Contributions 1996 and 1997	Collections During 1996 & 1997	Assessed contributions unpaid			
				Prior years	1996	1997	Total
SAUDI ARABIA	-	15,393,515	15,393,515	-	-	-	-
SENEGAL	133,280	215,278	348,558	-	-	-	-
SEYCHELLES	213,072	215,278	145,804	67,268	108,770	106,508	282,546
SIERRA LEONE	273,658	215,278	300,000	-	82,428	106,508	188,936
SINGAPORE	-	3,013,894	3,013,894	-	-	-	-
SLOVAKIA	-	1,749,418	1,749,418	-	-	-	-
SLOVENIA	-	1,506,947	1,506,947	-	-	-	-
SOLOMON ISLANDS	203,057	215,278	240,500	-	71,327	106,508	177,835
SOMALIA	588,538	215,278	-	588,538	108,770	106,508	803,816
SOUTH AFRICA	-	6,916,092	6,916,092	-	-	-	-
SPAIN	-	51,045,840	51,045,840	-	-	-	-
SRI LANKA	-	215,278	215,278	-	-	-	-
SUDAN	102,026	215,278	209,491	-	1,305	106,508	107,813
SURINAME	211,024	215,278	319,794	-	-	106,508	106,508
SWAZILAND	20,952	215,278	189,803	-	-	46,427	46,427
SWEDEN	-	26,452,014	26,452,014	-	-	-	-
SYRIAN ARAB REPUBLIC	546,389	1,076,391	1,622,780	-	-	-	-
TAJIKISTAN	1,716,038	430,555	214,779	1,501,260	217,540	213,015	1,931,815
THAILAND	-	2,798,616	2,798,616	-	-	-	-
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	212,735	215,278	428,013	-	-	-	-
TOGO	100,643	215,278	82,953	17,690	108,770	106,508	232,968
TRINIDAD AND TOBAGO	570,815	673,027	1,005,193	-	-	238,649	238,649
TUNISIA	-	645,834	645,834	-	-	-	-
TURKEY	-	8,155,631	8,155,631	-	-	-	-
TURKMENISTAN	2,102,957	673,027	2,775,967	-	-	18	18
UGANDA	45,539	215,278	224,305	-	-	36,512	36,512
UKRAINE	41,098,302	24,009,165	47,445,573	-	6,052,534	11,609,360	17,661,894
UNITED ARAB EMIRATES	-	4,090,284	4,090,284	-	-	-	-
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND	-	-	-				
UNITED REPUBLIC OF TANZANIA	-	114,473,565	114,473,565	-	-	-	-
UNITED STATES OF AMERICA	208,338	215,278	318,012	-	-	105,604	105,604
URUGUAY	414,423,876	633,442,357	674,626,279	-	61,189,669	312,050,285	373,239,954
	437,111	861,113	872,192	-	-	426,032	426,032

Member state	Assessed Contributions Unpaid as at 1 January 1996	Net Assessed Contributions 1996 and 1997	Collections During 1996 & 1997	Assessed contributions unpaid			
				Prior years	1996	1997	Total
UZBEKISTAN	4,703,224	2,880,194	5,442,500	-	756,315	1,384,603	2,140,918
VANUATU	225,239	215,278	225,239	-	108,770	106,508	215,278
VENEZUELA	3,463,832	7,185,755	10,049,587	-	-	600,000	600,000
VIET NAM	-	215,278	215,278	-	-	-	-
YEMEN	191,220	215,278	182,107	9,113	108,770	106,508	224,391
YUGOSLAVIA	10,813,604	2,179,973	2,350,703	8,462,901	1,114,895	1,065,078	10,642,874
ZAMBIA	-	215,278	215,278	-	-	-	-
ZIMBABWE	-	215,278	215,278	-	-	-	-
TOTAL	564,037,251	2,248,272,846	2,338,849,935	18,110,340	81,261,495	374,088,327	473,460,162

[a] The net assessment on Member States for 1996 as per ST/ADM/SER B/482 and Corr 1 and 1997 as per ST/ADM/SER B/503 are as follows:

	1996	1997	Total
Gross assessed contributions	1,285,696,850	1,248,325,957	2,534,022,807
Less: Credit from staff assessment	148,406,571	137,343,390	285,749,961
Net assessed contributions	1,137,290,279	1,110,982,567	2,248,272,846

Statement VI

United Nations Working Capital fund[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	1997	1995
Income		
Assessed contributions	10	30
TOTAL INCOME	10	30
Expenditure		
Excess (shortfall) of income over expenditure	10	30
Other adjustments to reserves and fund balances b/	(60)	-
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(50)	30
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	100,060	100,030
RESERVES AND FUND BALANCES, END OF PERIOD	100,010	100,060

Statement of assets, liabilities, reserves and fund balances
as at 31 December 1997

	1997	1995
Assets		
Assessed contributions receivable from member states c/	10	-
Due from United Nations General Fund	100,000	100,060
TOTAL ASSETS	100,010	100,060
Liabilities		
Unliquidated obligations	-	-
TOTAL LIABILITIES	-	-
Reserves and fund balances		
Working capital funds	100,010	100,060
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	100,010	100,060

a/ See note 6.

b/ Adjustment of Working Capital Fund advance per GA resolution 50/218 dated 23 December 1995.

c/ Represents assessed contribution receivable from Iraq.

The accompanying notes are an integral part of the financial statements.

Statement VII

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	1997	1995 b/
Income		
Interest income	5,970	10,069
Other/Miscellaneous income c	84	20
TOTAL INCOME	6,054	10,089
Expenditure		
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	6,054	10,089
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	154,774	144,685
RESERVES AND FUND BALANCES, END OF PERIOD	160,828	154,774

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

		1997	1995
Assets			
Cash and term deposits d/		23,000	10,000
Due from United Nations General Fund		134,500	141,446
Due from the Special Account of the United Nations Emergency Force (1956) e/		1,932	1,932
Due from the Ad Hoc Account for the United Nations Operation in the Congo e/		1,396	1,396
TOTAL ASSETS		160,828	154,774
Liabilities		-	-
Reserves and fund balances			
Fund principal from contributions	(Schedule 7.1)	48,728	48,728
Cumulative surplus f/ g/		112,100	106,046
TOTAL RESERVES AND FUND BALANCES		160,828	154,774
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		160,828	154,774

a/ See note 7.

b/ Comparative figures reclassified to conform to current presentation.

c/ Includes transfer of residual balance of $10,313 from the Trust Fund for the International Conference on the Question of Palestine upon closure of the Fund.

d/ Interest-bearing deposit of $10,000,000 with Bank of Tokyo Ltd., New York, 5.8200 per cent, due 3 March 1998.

e/ Disposal of these amounts will be the subject of a separate report to the General Assembly.

f/ Net of $3,911,000 appropriated for the United Nations Emergency Force, pursuant to General Assembly resolution 2115 (XX), sect. II, of 21 December 1965.

g/ Includes public donations of $148,657.

The accompanying notes are an integral part of the financial statements.

Schedule 7.1

United Nations Special Account

Voluntary contributions as at 31 December 1997[a]

(Thousands of United States dollars)

Member State	1997	1995
Bulgaria	150	150
Canada	3,872	3,872
China	5,000	5,000
Denmark	988	988
Egypt	50	50
Finland	508	508
Ghana	20	20
Greece	50	50
Iceland	80	80
Italy	1,500	1,500
Jamaica	10	10
Japan	12,500 b/	12,500
Kuwait	250	250
Liberia	8	8
Mali	5	5
Malta	9	9
Nigeria	20	20
Norway	678	678
Saudi Arabia	250	250
Sweden	2,000	2,000
Togo	14	14
Tunisia	5	5
Uganda	19	19
Union of Soviet Socialist Republics	10,000	10,000
United Arab Emirates	1,000	1,000
United Kingdom of Great Britain and Northern Ireland	9,528	9,528
Yugoslavia	100	100
Zaire	100	100
Zambia	14	14
Fund principal from contributions	**48,728**	**48,728**

[a] Amounts received pursuant to General Assembly resolutions 2053 A (XX) of 15 December 1965 and 3049 A (XXVII) of 19 December 1972 and in response to the appeal of the Secretary-General in 1986 (see A/40/1102, para. 19). The contributions shown were received pursuant to General Assembly resolution 2053 A (XX), except those from China, Saudi Arabia and the United Arab Emirates, which were contributed under resolutions 2053 A (XX) and 3049 A (XXVII). Bulgaria, Togo and the Union of Soviet Socialist Republics contributed in response to the 1986 appeal of the Secretary-General.

[b] Includes $10 million which was received pursuant to General Assembly resolution 3049 A (XXVII) with the expectation of inducing other Member States to make voluntary contributions.

C. Technical cooperation activities[a]

Statement VIII

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	United Nations	ECA	ESCAP	ECE	ECLAC	ESCWA	UNCTAD	UNCHS	Total 1997	Total 1995
Income										
Voluntary contributions	74,259	3,742	25,967	2,620	11,525	-	25,131	687	143,931	124,276
Funds received under inter-agency arrangements	90,673	5,118	9,506	2,269	2,209	1,510	22,908	62,537	196,730	215,465
Allocations from other funds	14,037	7,384	4,369	2,575	4,101	2,654	968	851	36,939	37,376
Interest income	3,089 [b]	405	781	170	437	5	2,648	1	7,536	5,918
Other miscellaneous income	1,512	-	-	4	-	-	160	7	1,683	616
TOTAL INCOME	183,570	16,649	40,623	7,638	18,272	4,169	51,815	64,083	386,819	383,651
Expenditure										
Staff and other personnel costs	100,011	12,559	16,629	5,233	13,373	3,367	27,895	21,080	200,147	204,247
Travel	5,223	1,374	2,210	672	817	435	5,544	2,038	18,313	17,474
Contractual services	6,766	(143)	6,799	365	76	42	1,145	19,808	34,858	21,653
Operating expenses	4,436	449	2,157	80	593	46	1,346	2,939	12,046	14,541
Acquisitions	24,386	631	607	72	66	66	3,753	10,491	40,072	40,554
Fellowships, grants and other	10,686	1,621	8,161	504	1,231	217	3,447	3,458	29,325	37,354
Total project costs	151,508	16,491	36,563	6,926	16,156	4,173	43,130	59,814	334,761	335,823
Programme support costs	12,367	926	3,780	493	1,464	35	4,917	5,360	29,342	32,167
TOTAL EXPENDITURE	163,875	17,417	40,343	7,419	17,620	4,208	48,047	65,174	364,103	367,990
Excess (shortfall) of income over expenditure	19,695	(768)	280	219	652	(39)	3,768	(1,091)	22,716	15,661
Prior period adjustments	310 [c]	-	-	(76)	-	-	(535)	-	(301)	(451)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	20,005	(768)	280	143	652	(39)	3,233	(1,091)	22,415	15,210
Transfers (to) from other funds	-	-	-	-	-	-	(568) [d]	-	(568)	9,574
Transfers (to) from other organizations	-	-	-	-	-	-	(297) [e]	-	(297)	
Other adjustments to fund balances	77	143	-	-	-	(1)	(607)	-	(388)	(159)
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	28,603	6,148	1,200	1,467	4,187	128	17,980	1,661	61,374	36,749
RESERVE AND FUND BALANCES, END OF PERIOD	48,685	5,523	1,480	1,610	4,839	88	19,741	570	82,536	61,374

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

(Thousands of United States dollars)

	United Nations	ECA	ESCAP	ECE	ECLAC	ESCWA	UNCTAD	UNCHS	Total 1997	Total 1995
Assets										
Cash and term deposits	26,955	4,044	28,756	1,651	4,224	88	24,825	-	90,543 [f]	116,313
Pledged contributions unpaid	298	2,675	-	-	861	-	-	20,655	24,489	10,151
Inter-fund balances receivable	30,364	-	-	-	52	386	-	387	31,189	14,993
Receivable from funding sources	20,067	2,609	1,071	130	-	69	2,252	6,710	32,908	23,641
Due from Special Accounts for Programme Support Costs	-	-	-	-	-	-	-	-	-	101
Other accounts receivable	11,104	704	668	132	541	18	1,694	625	15,486	14,490
Deferred charges	6,416	-	24	10	-	-	94	4,137	10,681	13,150
Inter-office transactions pending processing	1,185	-	-	-	-	-	-	-	1,185	-
Unspent allocations	87,316	1,481	4,064	1,420	962	2,803	2,940	4,860	105,846 [g]	89,041
Other assets	17,923 [h]	-	-	-	-	-	-	-	17,923	
TOTAL ASSETS	201,628	11,513	34,583	3,343	6,640	3,364	31,805	37,374	330,250	281,880
Liabilities										
Payments of contributions received in advance	11,158	1,124	11,273	-	417	199	-	-	24,171	51,675
Inter-fund balances payable	-	231	1,246	104	-	-	480	-	2,061	1,726
Due to Special Accounts for Programme Support Costs	-	33	2,153	69	-	-	478	1,526	4,259	2,230
Other accounts payable	19,162	1,011	10,572	-	8	148	4,379	5,754	41,034	32,658
Unliquidated obligations - current year	27,239	2,110	3,795	140	414	126	3,787	24,664	62,275	33,265
Unliquidated obligations - future years	5,366	-	-	-	-	-	-	-	5,366	7,989
Deferred income	87,316	1,481	4,064	1,420	962	2,803	2,940	4,860	105,846 [g]	89,041
Other liabilities	2,702	-	-	-	-	-	-	-	2,702	1,922
TOTAL LIABILITIES	152,943	5,990	33,103	1,733	1,801	3,276	12,064	36,804	247,714	220,506
Reserves and fund balances										
Operating reserves	-	-	-	158	-	-	-	-	158	137
Extrabudgetary funds relating to projects funded by donors	48,685	5,523	1,480	1,452	4,839	88	19,741	570	82,378	61,237
TOTAL RESERVES AND FUND BALANC	48,685	5,523	1,480	1,610	4,839	88	19,741	570	82,536	61,374
TOTAL LIABILITIES AND RESERVES AND FUND BALANCES	201,628	11,513	34,583	3,343	6,640	3,364	31,805	37,374	330,250	281,880

[a] See notes 2 (m) and 8.

[b] See note 2 m (xi).

[c] Includes $306,134 from the Trust Fund for United Nations Disaster Relief Organization.

[d] Transfer to the Special Trust Fund for the Voluntary Supplementary Financing of the approved activities under the United Nations Framework Convention on Climate Change.

[e] Includes trust fund transfer of $285,890 to UNDP contributions account for project ROM96-002.

[f] Includes $285,228 in non-convertible currencies. See also note 8 (b).

[g] Comprises unspent allocations from UNDP and UNFPA, plus unspent allocations in respect of UNDP- and UNFPA-administered trust funds.

[h] Deferred charges include a year-end revaluation of the short-term investments of $2,055,729.

The accompanying notes are an integral part of the financial statements.

Schedule 8.1

Schedule of income and expenditure and changes in reserves and fund balance by source of funding for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	Reserves and Fund Balances 1 Jan 1996	Income and Adjustments	Project Expenditure	Programme Support costs	Total Expenditure	Reserves and Fund Balances 31 December 1997
United Nations						
Regular budget	-	14,037	14,037	-	14,037	-
Trust funds	28,603	85,642	58,588	6,972	65,560	48,685
UNFPA	-	9,023	8,431	592	9,023	-
UNDP	-	75,255	70,452	4,803	75,255	-
Total	28,603	183,957	151,508	12,367	163,875	48,685
Economic Commission for Africa						
Regular budget	-	7,384	7,384	-	7,384	-
Trust funds	6,148	4,290	4,360	555	4,915	5,523
UNFPA	-	3,753	3,492	261	3,753	-
UNDP	-	1,365	1,255	110	1,365	-
Total	6,148	16,792	16,491	926	17,417	5,523
Economic and Social Commission for Asia and the Pacific						
Regular budget	-	4,369	4,369	-	4,369	-
Trust funds	1,200	27,644	24,218	3,146	27,364	1,480
UNFPA	-	3,458	3,360	98	3,458	-
UNDP	-	5,152	4,616	536	5,152	-
Total	1,200	40,623	36,563	3,780	40,343	1,480

Economic Commission for Europe	Reserves and Fund Balances 1 Jan 1996	Income and Adjustments	Project Expenditure	Programme Support costs	Total Expenditure	Reserves and Fund Balances 31 December 1997
Regular budget	-	2,575	2,575	-	2,575	-
Trust funds						
UNFPA	1,467	2,791	2,343	305	2,648	1,610
UNDP	-	1,199	1,126	73	1,199	-
	-	997	882	115	997	-
Total	1,467	7,562	6,926	493	7,419	1,610
Economic Commission for Latin America and the Caribbean						
Regular budget	-	4,101	4,101	-	4,101	-
Trust funds						
UNFPA	4,187	11,962	10,009	1,301	11,310	4,839
UNDP	-	1,684	1,581	103	1,684	-
	-	525	465	60	525	-
Total	4,187	18,272	16,156	1,464	17,620	4,839
Economic and Social Commission for Western Asia						
Regular budget	-	2,654	2,654	-	2,654	-
Trust funds						
UNFPA	128	4	39	5	44	88
UNDP	-	1,188	1,188	-	1,188	-
	-	322	292	30	322	-
Total	128	4,168	4,173	35	4,208	88

	Reserves and Fund Balances 1 Jan 1996	Income and Adjustments	Project Expenditure	Programme Support costs	Total Expenditure	Reserves and Fund Balances 31 December 1997
United Nations Conference on Trade and Development						
Regular budget	-	968	968	-	968	-
Trust funds						
UNFPA	17,980	40,285	34,460	4,064	38,524	19,741
UNDP	-	-	-	-	-	-
Total	17,980	49,808	43,130	4,917	48,047	19,741
United Nations Centre for Human Settlements (HABITAT)						
Regular budget	-	851	851	-	851	-
Trust funds						
UNFPA	1,661	26,604	26,064	1,631	27,695	570
UNDP	-	-	-	-	-	-
Total	1,661	36,628	32,899	3,729	36,628	570
Total						
Regular budget	-	36,939	36,939	-	36,939	-
Trust funds						
UNFPA	61,374	199,222	160,081	17,979	178,060	82,536
UNDP	-	20,305	19,178	1,127	20,305	-
Grand Total	61,374	128,799	118,563	10,236	128,799	82,536
		385,265	334,761	29,342	364,103	

Schedule 8.2

Technical cooperation activities financed by the United Nations regular budget[a]

Schedule of expenditure for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

Regional projects	United Nations	ECA	ESCAP	ECE	ECLAC	ESCWA	UNCTAD	UNCHS	Total 1997	Total 1995 [b]
Africa	-	7,384	-	-	-	-	-	-	7,384	7,395
Arab States	-	-	-	-	-	2,654	-	-	2,654	2,711
Asia and the Pacific	-	-	4,369	-	-	-	-	-	4,369	4,704
Europe	-	-	-	2,575	-	-	-	-	2,575	2,972
Latin America	-	-	-	-	4,101	-	-	-	4,101	4,117
Subtotal	-	7,384	4,369	2,575	4,101	2,654	-	-	21,083	21,899
Interregional projects	14,037	-	-	-	-	-	968	-	15,005	14,604
Global projects	-	-	-	-	-	-	-	851	851	873
Total	14,037	7,384	4,369	2,575	4,101	2,654	968	851	36,939	37,376

[a] Comprises section 20, Regular programme of technical cooperation. These expenditures are also shown as part of regular budget expenditure in statement IV and schedule 4.1.

[b] Comparative figures reclassified to conform to current presentation.

D. United Nations general trust funds[a]

Statement IX

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	Emergency Assistance	Political and Security Council Affairs	Political affairs trusteeship and decolonization	Economic and social activities	Humanitarian activities	International justice and law	Public information	Common Support service and miscellaneous	Total 1997	Total b/ 1995
Income										
Voluntary contributions	45,053	15,017	11,503	35,770	177,514	3,029	726	26,588	315,200	289,373
Funds received under inter-organization arrangements	203	444	-	778	1,334	-	229	4	2,992	12,250
Allocations from other funds	-	-	-	-	17,186	-	-	-	17,186	120,007
Income for services rendered	-	-	-	5,926	-	-	-	-	5,926	6,658
Interest income	7,560	2,218	1,282	5,133	17,145	1,076	686	7,555	42,655	31,600
Other/miscellaneous income	8,473	104	689	2,844	7,026	114	3,380	2,351 c	24,981	26,304
TOTAL INCOME	61,289	17,783	13,474	50,451	220,205	4,219	5,021	36,498	408,940	486,192
Expenditure										
Staff and other personnel costs	29,347	4,737	3,473	23,085	61,158	576	2,625	4,751	129,752	123,129
Travel	5,428	1,390	420	6,215	3,893	395	388	805	18,934	25,478
Contractual services	9,955	126	1,739	1,584	2,255	-	1,105	603	17,367	16,292
Operating Expenses	13,856	6,814	8,811	1,979	32,090	733	787	1,517	66,587	89,943
Acquisitions	6,324	3,199	438	541	8,534	50	35	105	19,226	21,742
Fellowships, grants, others	5,074	723	50	7,675	66,506	171	95	537	81,031	183,200
Total Direct Expenditure	69,984	16,989	14,931	41,279	174,436	1,925	5,035	8,318	332,897	459,784
Programme support costs	2,131	2,047	1,033	3,272	13,065	813	303	661	23,325	16,501
TOTAL EXPENDITURE	72,115	19,036	15,964	44,551	187,501	2,738	5,338	8,979	356,222	476,285
Excess (shortfall) of income over expenditure	(10,826)	(1,253)	(2,490)	5,900	32,704	1,481	(317)	27,519	52,718	9,907
Prior period adjustments	(6,221) d/	(1,921) e/	(11) f/	(708) g/	(775) h/	(202) i/		(18) j/	(9,856)	(32,352)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(17,047)	(3,174)	(2,501)	5,192	31,929	1,279	(317)	27,501	42,862	(22,445)
Transfers(to) from other funds	221	-	-	(3,140)	3,298	-	4,105	(7,648)	(3,164)	(11,011)
Refunds to donors	-	(1,091)	(4,308)	(673)	(2,755)	-	(28)	(134)	(8,969)	(5,649)
Other adjustments to reserves and fund balances	(123)	-	-	-	(327)	-	-		(450) k/	(7,175)
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	69,570	17,096	18,731	34,104	98,991	7,302	2,655	47,726	296,175	342,455
RESERVES AND FUND BALANCES, END OF PERIOD	52,621	12,831	11,922	35,483	131,136	8,581	6,415	67,445	326,434	296,175

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

(Thousands of United States dollars)

	Emergency Assistance	Political and Security Council Affairs	Political affairs trusteeship and decolonization	Economic and social activities	Humanitarian activities	International justice and law	Public information	Common Support service and miscellaneous	Total 1997	Total 1995
Assets										
Cash and term deposits	60,471	16,153	13,260	40,823	155,520	8,967	7,782	60,476	363,452	304,876
Investments	-	-	-	-	-	0	-	2,426	2,426	2,182
Voluntary contributions receivable	2,550	111	469	1,735	7,602	87	12	923	13,489	14,508
Inter-fund balances receivable	39	222	1	36	2,781	3	2	505	3,589	3,566
Due from Special Account for Activities Approved under SCRs 687 and 706 (1991)	-	-	-	-	-	-	-	2,500	2,500	2,500
Other accounts receivable	2,528	440	202	3,270	3,800	201	301	1,698	12,440	9,378
Other assets	160	45	140	1,707	17		83	39	2,191	1,058
Inter-office transactions pending processing	1,359	-	-	285	-	-	-	-	1,644	0
Operating funds provided to executing agencies	4,297	-	842	62	28,596	-	-	147	33,944	24,707
TOTAL ASSETS	71,404	16,971	14,914	47,918	198,316	9,258	8,180	68,714	435,675	362,775
Liabilities										
Contributions or payments received in advance	-	-	-	2,383	745	11	725	114	3,978	5,033
Unliquidated obligations	4,679	2,686	1,836	3,184	36,059	328	406	651	49,829	30,010
Inter-fund balances payable	2,018	997	1,156	6,579	27,906	300	351	452	39,759	12,929
Other accounts payable	12,086	457		289	2,470	38	283	52	15,675	18,628
TOTAL LIABILITIES	18,783	4,140	2,992	12,435	67,180	677	1,765	1,269	109,241	66,600
Reserves and fund balances										
Operating reserves	1,990	67	-	391	1,472	10	170		4,100	6,132
Reserves for allocations	7,578	-	842	65	28,913	-	-	156	37,554	14,448
Fund principal from contributions	-	-	-	-	2,000	-	1,000	1,050	4,050	3,050
Cumulative surplus (deficit)	43,053	12,764	11,080	35,027	98,751	8,571	5,245	66,239	280,730	272,545
TOTAL RESERVES AND FUND BALANCES	52,621	12,831	11,922	35,483	131,136	8,581	6,415	67,445	326,434	296,175
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	71,404	16,971	14,914	47,918	198,316	9,258	8,180	68,714	435,675	362,775

[a] See notes 2 (n) and 9.

[b] Comparative figures adjusted to conform with the exclusion of the Special Trust Fund for the Core Administrative Budget of the United Nations Framework Convention on Climate Change.

[c] Includes royalty payments received from the sale of Swatch watches and other items in the amount of $477,396.99 in the Trust Fund for the Fiftieth Anniversary Celebrations and the United Nations Trust Fund for Education and Communication.

[d] Represents total of prior period adjustments in the Trust Fund for the United Nations Guard Contingent, the Emergency Trust Fund for Humanitarian Assistance for Iraq, Kuwait and Iraq-Iran Border Areas, the Afghanistan Emergency Trust Fund, the Trust Fund for the Restoration of Essential Services in Sarajevo and the Kampuchean Emergency Trust Fund.

[e] Represents primarily the cancellation of 1994 pledges by the Government of Italy to the United Nations Regional Centre for Peace and Disarmament in Africa, the Trust Fund for the Regional Centre for Peace, Disarmament and Development in Latin America, the Trust Fund for Global and Regional Disarmament Activities and the Trust Fund for the United Nations Centre for Peace and Disarmament in Asia; the cancellation of a 1993 pledge by the Government of the United States of America to the Trust Fund for the Implementation of the Cotonou Accord in Liberia; and the adjustment to programme support costs for the Voluntary Trust Fund to Support the Activities of the International Tribunal established by Security Council resolution 827 (1993).

[f] Represents a 1995 contribution of $60,000 from the Government of Luxembourg previously recorded in the Trust Fund for Electoral Assistance to Haiti now credited to the Trust Fund for Electoral Assistance and a 1995 contribution from the Government of the United Kingdom previously credited to the United Nations Trust Fund for Electoral Observation now transferred to UNDP.

[g] Comprises primarily prior period adjustments of $672,812 to the United Nations Crime Prevention and Criminal Justice Fund, $22,257 to the United Nations Institute for Social Development and $13,368 to the Trust Fund for International Research and Training Institute for the Advancement of Women.

[h] Represents total of prior period adjustments in the Trust Fund for the Strengthening of the United Nations Disaster Relief Office, the Voluntary Fund for Advisory Services and Technical Assistance in the Field of Human Rights, the Trust Fund for Disaster Relief, the Trust Fund for the International Decade for Natural Disaster Reduction, the Trust Fund for a Human Rights Education Programme in Cambodia, the Trust Fund for the Support to the Activities of the Centre for Human Rights, the Trust Fund to Provide Goods and Services to the International Police Monitoring Programme and other Specifically Designated Purposes in Haiti, the Voluntary Trust Fund for the Cambodian Peace Process, the United Nations Voluntary Fund for Indigenous Populations, the United Nations Voluntary Fund for the International Decade of the World's Indigenous People and the Trust Fund for the Programme of the Decade for Action to Combat Racism and Racial Discrimination.

[i] Represents an adjustment to the 1995 programme support costs to the Trust Fund for the International Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda.

[j] Represents adjustments to 1995 income to the Special Trust Fund for the Core Administrative Budget of the United Nations Framework Convention on Climate Change, the Trust Fund for Assistance to Military Officers on Loan from Governments in Support of Peacekeeping and the Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities, prior period expenditure to the Trust Fund for the Fiftieth Anniversary Celebrations and the Trust Fund for Personal and Real Property willed to the United Nations.

[k] Represents net transfers of $327,600 to the United Nations Observer Mission in Georgia and $122,700 to joint administrative activities (United Nations Office at Geneva).

The accompanying notes are an integral part of the financial statements.

Schedule 9.1

Schedule of income, expenditure, reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	Reserves and fund balances beginning of period	Income	Expenditure a/	Reserves and fund balances end of period
EMERGENCY ASSISTANCE				
United Nations Special Relief Office in Bangladesh	783	73	856	0
African Emergency Fund	2,275	488	1,055	1,708
Trust Fund for Assistance to Lebanon	14	2	-	16
Special Account for Assistance to Mozambique	632	80	(1)	713
Kampuchean Emergency Trust Fund	4,864	376	774	4,466
Afghanistan Emergency Trust Fund b/	34,203	38,288	39,090	33,401
Emergency Trust Fund for Humanitarian Assistance for Iraq, Kuwait and the Iraq-Turkey and Iraq-Iran Border Areas	2,112	1,959	3,020	1,051
Trust Fund for the United Nations Guard Contingent in Iraq	10,450	8,196	14,740	3,906
Trust Fund for Iraq-Kuwait Border Issues	696	88	-	784
Trust Fund for the Restoration of Essential Public Services in Sarajevo b/	13,541	11,739	18,704	6,576
Subtotal	69,570	61,289	78,238	52,621
POLITICAL AND SECURITY COUNCIL AFFAIRS				
United Nations Disarmament Information Programme	409	388	335	462
Trust Fund for the United Nations Centre for Disarmament	36	4	0	40
Trust Fund for the United Nations Institute for Disarmament Research	100	1,949	1,759	290
Trust Fund for the United Nations Programme on Space Applications	733	377	615	495
Trust Fund for the Promotion of Peace	86	9	-	95
United Nations Regional Centre for Peace and Disarmament in Africa	188	73	117	144
Trust Fund for the United Nations Regional Centre for Peace, Disarmament and Development in Latin America and the Caribbean	56	30	39	47
Trust Fund for Global and Regional Disarmament Activities	240	353	334	259
Trust Fund for the United Nations Regional Centre for Peace and Disarmament in Asia and the Pacific	726	165	540	351
Special Account for the Preparatory Commission for the International Seabed Authority and for the International Tribunal for the Law of the Sea for pioneer Investors Application Fees	1,886	248	-	2,134
Trust Fund for Implementation of the Cotonou Accord on Liberia	5,464	2,093	4,229	3,328
Voluntary Fund to support the activities of the International Tribunal established by Security Council Resolution 827 (1993)	6,921	4,826	7,836	3,911
Trust Fund for the Administration of the Agreement Between United Nations and Jordan in Pursuance of Security Council Resolution 661 (1990)	122	4,832	4,844	110

	Reserves and fund balances beginning of period	Income	Expenditure	Reserves and fund balances end of period
Trust Fund to support the implementation of the Agreement on a Temporary Cease-fire and the Cessation of Other Hostile Acts on the Tajik-Afghan Border and within the country for the duration of the talks	47	57	88	16
Trust Fund for the Commission of Inquiry in Burundi	82	1,469	996	555
Trust Fund of the United Nations Standing Advisory Committee on Security Questions in Central Africa	-	658	161	497
Trust Fund in Support of Special Misssions and other Activities related to Preventive Diplomacy and Peacemaking	-	252	155	97
Subtotal	17,096	17,783	22,048	12,831
POLITICAL AFFAIRS, TRUSTEESHIP AND DECOLONIZATION				
United Nations Trust Fund for Publicity against Apartheid	157	34	-	191
United Nations Fund for the Nationhood Programme for Namibia	2,108	25	1,983	150
Trust Fund for Special Projects (Special Committee against Apartheid)	19	2	-	21
Trust Fund for the Repatriation of Cambodian Refugees and Displaced Persons	119	0	-	119
United Nations Trust Fund for Electoral Observation	1,970	1,475	448	2,997
Trust Fund for Haiti	615	80	-	695
Trust Fund for the Implementation of the Peace Process in Mozambique	88	303	381	10
Trust Fund to Finance Third World Observers to the South African Elections	149	19	-	168
Trust Fund for Assistance to Registered Political Parties in Mozambique	1,949	79	2,028	-
Trust Fund for Electoral Assistance to Haiti	8,146	1,877	9,442	581
Trust Fund for the Guatemala Peace Process	2,660	8,797	5,665	5,792
Trust Fund for Negotiations to find a Comprehensive Settlement of the Georgian/Abkhaz Conflict	707	90	13	784
Trust Fund for the Mission of the United Nations in El Salvador	44	693	323	414
Subtotal	18,731	13,474	20,283	11,922
ECONOMIC AND SOCIAL ACTIVITIES				
United Nations Trust Fund for Development Planning and Projections	740	177	270	647
United Nations Research Institute for Social Development	2,258	5,140	6,357	1,041
United Nations Trust Fund for Social Development	121	7	128	-
United Nations Trust Fund for Ageing	56	105	67	94
United Nations Fund for Population Activities - United Nations Work Programme	-	5,987	5,987	-
United Nations Youth Fund	195	57	90	162

	Reserves and fund balances beginning of period	Income	Expenditure	Reserves and fund balances end of period
Trust Fund for the Financing of the Implementation of the Convention on Long-Range Transboundary Air Pollution	898	3,011	2,927	982
Trust Fund for the Programme of Interrelationships between Resources, Environment, People and Development	127	7	131	3
Trust Fund for the ECE Study on Long-Term Timber Trends and Prospects	20	22	12	30
Trust Fund for ESCWA Regional Activities	115	30	28	117
United Nations Crime Prevention and Criminal Justice Trust Fund	7,494	7,795	6,635	8,654
Trust Fund for the Campaign Against Drug Abuse and illicit trafficking	579	74	-	653
United Nations Voluntary Fund on Disability	2,857	1,083	883	3,057
Trust Fund for the International Comparison Project	19	2	6	15
United Nations Trust Fund for the International Research and Training Institute for the Advancement of Women	2,899	2,168	3,068	1,999
Trust Fund for the Promotion of a United Nations International Programme for the Aging	13	2	-	15
UN/ECE Trust Fund on Human Settlements	348	172	87	433
Programme on Mobilization of Personal Savings in Developing Countries	148	18	5	161
Trust Fund for the Ad Hoc Intergovernmental Working Group on Experts on International Standards of Accounting and Reporting	15	2	6	11
Trust Fund for Research in Regional Co-operation in Asia and in New and Renewable Energy Resources	247	32	-	279
Trust Fund for the Macrothesaurus Management Project	9	1	-	10
Trust Fund for International Co-operation for Development	1,620	913	1,210	1,323
Trust Fund for the Implementation of the Beijing Declaration and Platform for Action	1,545	894	830	1,609
Trust Fund for the Monitoring, Review and Appraisal of the Implementation of the Nairobi Forward-Looking Strategies for the Advancement of Women	72	11	(27)	110
Trust Fund for Case Studies on the functioning of the Operational Activities for development of the United Nations System	152	368	225	295
Trust Fund for Policy Analysis on Transnational Corporations	139	18	55	102
Trust Fund for the Symposia on the Consequences of Rapid Population Growth and on Human Rights and Population	14	2	-	16

	Reserves and fund balances beginning of period	Income	Expenditure	Reserves and fund balances end of period
United Nations Electronic Data Interchange for Administration, Commerce and Transport	9	1	6	4
Voluntary Fund for Support to Participation in the Negotiating Process of the Protection of Global Climate for Present and Future Generations of Mankind	1,614	578	2,192	-
Trust Fund for the ECE Project Energy Efficiency 2000	228	264	350	142
United Nations Trust Fund on Family Activities	602	104	185	521
Trust Fund for Supporting the Negotiating Process Relating to the Protection of Global Climate for Present and Future Generations of Mankind	887	85	972	-
Trust Fund for Chernobyl	172	175	232	115
Trust Fund for the 1994 International Conference on Population and Development	112	14	8	118
Voluntary Fund for Supporting Developing Countries Participating in the 1994 International Conference on Population and Development	180	63	-	243
Trust Fund for International Economic and Social Research	744	178	562	360
Trust Fund for Assistance to Countries in Transition	298	898	647	549
Trust Fund for Supporting the Negotiating Process on the International convention to Combat Desertification	1,303	8,309	6,732	2,880
Special Voluntary Fund for Supporting Developing Countries Affected by Desertification and Drought to Participate in the Negotiating Process on the International Convention to Combat Desertification	1,350	2,403	2,545	1,208
Trust Fund for the Follow-up to the World Summit for Social Development	843	216	430	629
Voluntary Fund for Assisting Small Island Developing States and the Least Developed Countries to Participate in the Global Conference on the Sustainable Development of Small Island Developing States and its Preparatory Process	155	34	189	-
Trust Fund for ECE Regional Preparatory Meeting for the Fourth World conference on Women	28	5	7	26
Trust Fund for Environmental Performance Reviews and the "Environment for Europe"	191	342	251	282
Trust Fund for the Global conference on the Sustainable Development of Small Island Developing States	25	3	-	28
Trust Fund for Supporting ECE Regional Conferences and Meetings, including Preparatory Meetings for Global Conferences	13	6	-	19
Trust Fund for Support of the Work of the Commission on Sustainable Development	2,592	4,521	2,815	4,298

	Reserves and fund balances beginning of period	Income	Expenditure	Reserves and fund balances end of period
Trust Fund for the support of the Activities Relating to the Implementation of the United Nations New Agenda for the development of Africa	26	144	108	62
Trust Fund For Participation of Least Developed Countries in Intergovernmental Meetings	32	70	-	102
Trust Fund for Economic Revitalization and Restoration of Essential Services in Eastern Slavonia		3,940	1,861	2,079
Subtotal	34,104	50,451	49,072	35,483
HUMANITARIAN ACTIVITIES				
Trust fund for Disaster Relief	4,207	10,893	5,643	9,457
Committee on the Elimination of Racial Discrimination	326	14	-	340
Trust Fund for the Programme of Action for the Third Decade to Combat Racism and Racial Discrimination	220	47	77	190
United Nations Voluntary Fund for Victims of Torture	950	7,695	6,377	2,268
United Nations Voluntary Fund for Indigenous Populations	876	533	373	1,036
Voluntary Fund for Advisory Services and Technical Cooperation in the field of Human Rights	7,544	8,641	11,154	5,031
Trust Fund Related to the Settlement of the Situation Relating to Afghanistan	13	1	14	-
Trust Fund for the World Conference on Human Rights	588	73	-	661
Trust Fund for Disaster Relief b/	37,294	57,830	60,279	34,845
Trust Fund for the International Decade for Natural Disaster Reduction	1,408	6,011	5,086	2,333
Sasakawa-UNDRO Disaster Prevention Award Endowment Fund	1,069	1,161	131	2,099 c
Voluntary Fund for Cambodia Peace Process	2,981	359	8	3,332
Trust Fund for the Activities of the International Support and Verification Commission	3,047	387	-	3,434
United Nations Trust Fund on Contemporary Forms of Slavery	62	8	43	27
Trust Fund for the Programme in Human Rights Education in Cambodia	889	1,243	930	1,202
Cambodia Trust Fund	1,576	151	-	1,727
Trust Fund for Somalia - Unified Command	7,750	2,197	-	9,947

	Reserves and fund balances beginning of period	Income	Expenditure	Reserves and fund balances end of period
Trust Fund for the Common Costs of the Bosnia and Herzegovina Command	2,588	147	2,588	147
Trust Fund for Humanitarian Relief in Iraq	5,641	18,221	19,688	4,174
Trust Fund for the Support to the Activities of the Centre for Human Rights	554	8,669	4,557	4,666
Trust Fund for Rwanda	6,414	67	410	6,071
Trust Fund in support of the Implementation of the Agreement on a Cease-fire and Separation of Forces signed in Moscow on 14 May 1994	5	435	327	113
Trust Fund for Human Rights Field Operation in Rwanda b/	(1,154)	20,833	15,000	4,679
Voluntary Trust Fund for Assistance in Mine Clearance b/	11,356	22,809	17,337	16,828
Trust Fund to Provide Goods and Services to the International Police Monitoring Programme and other Specifically Designated Purposes in Haiti	2,787	1,198	2,778	1,207
United Nations Trust Fund for De-Mining Activities in Angola	-	403	378	25
Trust Fund for Human Rights Field Operation in Burundi	-	5,094	2,681	2,413
Trust Fund for Police Assistance Programme in Bosnia and Herzegovina	-	4,114	2,428	1,686
United Nations Trust Fund for the International Decade for the World's Indigenous People	-	666	(8)	674
Trust Fund for Confidence Building Measures in Eastern Slavonia	-	633	127	506
Trust Fund for Enhancement of UNSMIH Capacity b/	-	34,053	27,000	7,053
Trust Fund for the Operations of ESCWA in Beirut	-	1,508	-	1,508
Trust Fund for the Enhancement of UNTMIH Capacity	-	4,111	2,654	1,457
Subtotal	98,991	220,205	188,060	131,136

INTERNATIONAL JUSTICE AND LAW

Trust Fund for the United Nations Programme of Assistance in the Teaching, Study, Disssemination and Wider Appreciation of International Law	427	100	65	462
United Nations Commission on International Trade Law Trust Fund for Symposia	178	121	152	147
Seminar on International Law	88	114	114	88
Trust Fund to Assist States in the Judicial Settlement of Disputes through the International Court of Justice	1,073	277	-	1,350
Trust Fund for the Commission of Experts established pursuant to Security Council resolution 780 (1992)	361	86	-	447
Voluntary Fund for Supporting Developing Countries Participating in the United Nations Conference on Straddling Fish Stocks and Highly Migratory Fish Stocks	90	26	-	116

	Reserves and fund balances beginning of period	Income	Expenditure	Reserves and fund balances end of period
Trust Fund for Travel Assistance to Developing Countries Members of the United Nations Commission on International Trade Law	2	8	-	10
Trust Fund for the International Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda	5,083	3,026	2,494	5,615
Trust Fund for the Least Developed Countries in the Work of the Preparatory Committee on the Establishment of an International Criminal Court and the 1998 Diplomatic Conference of Plenipotentiaries	-	399	77	322
Trust Fund for the Colloquium on the Progressive Development and Codification of International Law	-	62	38	24
Subtotal	7,302	4,219	2,940	8,581
PUBLIC INFORMATION				
Trust Fund for Economic and Social Information	349	757	571	535
Trust Fund for the Oral History of the United Nations	31	4	28	7
Trust Fund for the Taejon International Expo '93	20	2	21	1
Trust fund for Public Awareness on Disarmament Issues	1,532	179	270	1,441 d
Trust Fund for Special Activities in Science and Technology for Development	74	14	4	84
Development Forum Trust Fund	49	3,446	2,694	801
Trust Fund for Expanding Public Information Activities in Japan	162	150	243	69
Trust Fund for Information Support for African Economic Recovery and Development	349	165	220	294
Trust Fund for Jointly Financed Information Projects	89	38	20	107
United Nations Trust Fund for Education and Communication		266	(2,810)	3,076
Subtotal	2,655	5,021	1,261	6,415

	Reserves and fund balances beginning of period	Income	Expenditure	Reserves and fund balances end of period
COMMON SUPPORT SERVICES AND MISCELLANEOUS				
Trust Fund for Assistance in the Training of United Nations Staff in the French Language	136	19	15	140
Meditation Room Gifts from New York City	7	5	4	8
Trust Fund Sculpture in Memory of Dag Hammarskjold (Grant by Blaustein Foundation)	10	2	-	12
Trust Fund for German Language Translation	361	3,312	2,232	1,441
Library Endowment Fund	2,445	273	109	2,609 e
Trust Fund for Personal and Real Property Willed to the United Nations	3,690	632	311	4,011
Hamish Brown Fellowship Fund	32	4	-	36
The Special (Ralph Bunche) Account for the Secretary-General for Purpose Related to Peace and Security	303	464	321	446
United Nations Philatelic Museum	285	16	192	109
Gilberto Amado Memorial Lecture	4	6	5	5
Trust Fund for Interest on the Contribution to United Nations Special Fund	6,250	1,928	1,036	7,142
Trust Fund for the Restoration and Maintenance of the Peace Bell	14	2	-	16
Trust Fund for Staff Health Promotion	19	4	2	20
Trust Fund for the Myrdal Lectures	5	0	-	5
Trust Fund in Support of United Nations Peace-making and Peace-keeping Activities	24,766	16,116	65	40,817
UN Trust Fund for training of UNTAG	71	9	-	80
Trust Fund on the Co-ordinated Procurement of the UN System	116	14	130	-
Trust Fund for Peace making and Activities of the Secretary General	245	34	11	268
Trust Fund for the Assistance with Field Mission Transport Management	(11)	15	-	4
Secretariat News Trust Fund	92	91	118	65
Trust Fund for the Commission on the Truth for El Salvador	198	21	-	219
Trust Fund for Activities related to Administrative and Budgetary Aspects of Peace-keeping Operations.	46	121	-	167
Trust Fund for the 50th Anniversary Celebrations	2,817	1,847	4,560	104
Trust Fund for Assistance to the Office of the Special Representative of the Secretary-general For the former Yugoslavia	1,176	355	1,226	305
Trust Fund for the AD HOC Intergovernmental Group of Experts in the Legal and Financial Field	5	1	-	6
Trust Fund on Cooperation between the United Nations and switzerland in the Field of Archives	78	133	130	81

	Reserves and fund balances beginning of period	Income	Expenditure	Reserves and fund balances end of period
Trust Fund for Demining Activities in UNPROFOR	3,302	171	2,608	865
Trust Fund for the Fiftieth Anniversary Activities of the Secretary- General	433	95	396	132
Trust Fund for Assistance to the Special Representative of the United Nations Secretary-General for Burundi in Support of Peace-Keeping	428	474	208	694
Trust Fund to Support the Study of the Scale of Assessment for the Apportionment of the Expenses of the United Nations	4	6	10	-
Trust Fund for Support from Government and Organizations to DPKO's Lessons-Learned Mechanism	101	966	963	104
Trust Fund for the Financing of a United Nations International Conference on Medical Support for Peace-keeping Operations	177	15	146	46
Trust Fund for the Open-ended High-level Working Group of the General Assembly on the Strengthening of the United Nations System	121	264	349	36
Trust Fund for the International Commission of Inquiry of Arms Flow in the Great Lakes Region of Central Africa	-	102	-	102
Trust Fund to Support the Activities of the United Nations Disengagement Observer Force (UNDOF)	-	240	203	37
Trust Fund for Assistance to Military Officers on Loan from Governments in Support of Peace-keeping	-	197	161	36
Trust Fund to support the Efficiency Review Board of the United Nations Secretariat	-	459	418	41
Trust Fund for Improving Preparedness for Conflict Prevention and Peace-keeping in Africa	-	16	(200)	216
Trust fund to Support Survey of United Nations Staff on Harassment in the Work Place	-	30	29	1
Trust Fund for UNSCO (United Nations Coordinator in the Occupied Territories)	-	1,009	-	1,009
Trust Fund in Support of the Activities of the Secretary-General's Special Representative to the Great Lakes Region of Central Africa	-	1,177	818	359
Trust Fund for the Rapidly Deployable Mission Headquarters	-	373	-	373
Trust Fund for United Nations Reform	-	24	-	24
Trust Fund for Preventive Action	-	5,456	202	5,254
Subtotal	47,726 f/	36,498	16,778	67,445
Total (Statement IX)	296,175	408,940	378,681	326,434

a/ Includes: Expenditure	356,222
Refund to donors	8,989
Adjustment to prior period	9,856
Transfer to/from other funds	3,164
Other adjustments to reserves and fund balances	450 g/
Total	378,681

b/ For further details, see Schedule 9.1.1

c/ Includes permanent endowment of $2,000,000.

d/ Includes permanent endowment of $1,000,000.

e/ Includes permanent endowment of $1,049,588.

f/ Beginning balance modified on exclusion of the Special Trust Fund for the United Nations Framework Convention on Climate Change.

g/ Represents transfers of $327,600 to UNOMIG and $122,700 to the joint administrative activities.

Schedule 9.1.1

United Nations general trust funds: selected trust funds

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	Afghanistan Emergency Trust Fund	Trust Fund for the Restoration of Essential Service in Sarajevo	Trust Fund for Disaster Relief	Trust Fund for Human Rights Field Operation in Rwanda	Voluntary Trust Fund for Assistance in Mine Clearance	Trust Fund for the Enhancement of UNSMIH Capacity
Income						
Voluntary contributions	28,275	8,878	48,897	18,383	20,526	32,883
Funds received under inter-organization arrangements	18	-	727		10	-
Interest income	3,412	2,035	4,770	1,161	2,126	1,167
Other/Miscellaneous income	6,583	826	3,436	1,288	146	3
TOTAL INCOME	38,288	11,739	57,830	20,832	22,808	34,053
Expenditure						
Staff and other personnel costs	17,542	27	16,820	10,158	11,039	3,261
Travel	3,856	8	1,331	97	530	3
Contractual services	1,563	8,388	209	174	150	1,156
Operating Expenses	9,271	1,105	4,294	1,890	893	19,409
Acquisitions	4,482	1,222	1,635	1,131	1,641	24
Fellowships, grants, others	82	3,624	34,855	-	3,476	-
Total Direct Expenditure	36,796	14,374	59,144	13,450	17,729	23,853
Programme support costs	222	1,869	1,741	1,749	2,341	2,147
TOTAL EXPENDITURE	37,018	16,243	60,885	15,199	20,070	26,000
Excess (shortfall) of income over expenditure	1,270	(4,504)	(3,055)	5,633	2,738	8,053
Prior periods' adjustments	(1,963) a/	(2,462) b/	(25) c/	-	-	-
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(693)	(6,966)	(3,080)	5,633	2,738	8,053
Transfers(to) from other funds	14 d/	-	856 e/	200 f/	2,739 g/	(1,000) h/
Refunds to donors	-	-	(224)	-	(5)	-
Other adjustments to reserves and fund balance	(123) i/	-	-	-	-	-
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	34,203	13,541	37,294	(1,154)	11,356	-
RESERVES AND FUND BALANCES, END OF PERIOD	33,401	6,575	34,846	4,679	16,828	7,053

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

(Thousands of United States dollars)

	Afghanistan Emergency Trust Fund	Trust Fund for the Restoration of Essential Service in Sarajevo	Trust Fund for Disaster Relief	Trust Fund for Human Rights Field Operation in Rwanda	Voluntary Trust Fund for Assistance in Mine Clearance	Trust Fund for the Enhancement of UNSMIH Capacity
Assets						
Cash and term deposits	30,927	14,840	33,164	10,466	22,493	19,192
Pledged Contributions receivable	1,000	1,050	4,107	-	341	-
Inter-fund balances receivable	36	-	1,063	-	-	-
Due from special Account for Activities Approved under SCRs 687 and 706 (1991)	-	1,592	-	-	-	-
Other accounts receivable	508	12	453	247	498	372
Other Assets	-	-	-		-	-
Operating funds provided to executing agencies	2,216	15	9,202	2,283	8,168	-
TOTAL ASSETS	34,687	17,509	47,989	12,996	31,500	19,564
Liabilities						
Contributions of payments received in advance	-	-	-	-	8	-
Unliquidated obligations	1,263	1,446	12,156	1,030	6,963	7,133
Inter-fund balances payable	-	1,237	-	7,287	7,657	5,378
Other Accounts payable	23	8,251	987	-	44	-
TOTAL LIABILITIES	1,286	10,934	13,143	8,317	14,672	12,511
Reserves and fund balances						
Operating reserves	450	-	299	-	-	-
Reserves for allocations	4,821	-	12,156	-	8,728	-
Cumulative surplus (deficit)	28,130	6,575	22,391	4,679	8,100	7,053
TOTAL RESERVES AND FUND BALANCES	33,401	6,575	34,846	4,679	16,828	7,053
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	34,687	17,509	47,989	12,996	31,500	19,564

a/ Represents a transfer of $2,000,000 from the contribution received from the Government of Japan to the International Committee of the Red Cross in accordance with the donor's request and a net adjustment of $37,005 to 1995/1996 programme support cost and expenditures.

b/ Represents cancellation of a prior pledge by the Government of Sweden.

c/ Represents primarily a cancellation of a 1994 unpaid pledged contribution in the amount of $76,087 from the Government of Switzerland and a net adjustment in programme support cost of $50,038.

d/ Represents transfers from the Trust Fund Related to the Settlement of the Situation relating to Afghanistan.

e/ Represents a transfer from the United Nations Special Relief Office in Bangladesh.

f/ Represents transfer from the Voluntary Fund for Advisory Services and Technical Assistance in the Field of Human Rights.

g/ Represents transfers of $138,480 from the Trust Fund for the Common Costs of the Bosnia and Herzegovina Command and $2,600,060 from the Trust Fund for De-mining Activities in UNPROFOR.

h/ Represents transfer to the Trust Fund for the Enhancement of UNTMIH Capacity.

i/ Represents reimbursement to Joint Administrative Activities (UNOG) for services rendered.

Schedule 9.1.2

Schedule of voluntary contributions as at 31 December 1997

(Thousands of United States dollars)

Countries/Trust Funds	Unpaid pledges as at 1 January 1996	Add pledges for 1996-1997 and adjustments of prior pledges	Add pledges for future years	Less: collections 1996 and 1997	Less: loss (gain) on exchange	Unpaid pledges as at 31 December 1997
Afghanistan Emergency Trust Fund						
Australia	-	749	-	736	13	-
Austria	-	44	-	43	1	-
Canada	-	1,963	-	1,953	10	-
Denmark	-	599	-	587	12	-
Finland	-	822	-	798	24	-
France	-	170	-	170	-	-
Germany	-	4,363	-	4,363	-	-
Holy See	15	-	-	15	-	-
Netherlands	-	4,374	-	4,357	17	-
Norway	-	2,728	-	2,711	17	-
Sweden	-	5,351	-	5,309	42	-
United Kingdom	-	3,054	-	3,054	-	-
United States	-	4,059	-	3,059	-	1,000
Subtotal	15	28,276	-	27,155	136	1,000
Trust Fund for the Restoration of Essential Public Services in Sarajevo						
Belgium	1,000	1,253	-	1,253	-	1,000
Denmark	-	684	-	684	-	-
Ireland	-	453	-	453	-	-
Italy	-	4,574	-	4,574	-	-
Netherlands	-	1,815	-	1,815	-	-
Norway	-	99	-	99	-	-
Pakistan	50	-	-	-	-	50
Sweden	2,461	(2,461)	-	-	-	-
United States	104	-	-	104	-	-
Subtotal	3,615	6,417	-	8,982	-	1,050

Countries/Trust Funds	Unpaid pledges as at 1 January 1996	Add: pledges for 1996-1997 and adjustments of prior pledges	Add: pledges for future years	Less: collections 1996 and 1997	Less: loss (gain) on exchange	Unpaid pledges as at 31 December 199
Trust Fund for Disaster Relief						
Andorra	-	7	-	7	-	-
Australia	-	1,327	-	1,326	1	-
Austria	-	302	-	298	4	-
Belgium	-	340	-	340	-	-
Cambodia	-	3	-	3	-	-
Canada	-	1,708	-	1,700	8	-
Cyprus	-	48	-	48	-	-
Denmark	721	722	-	1,442	1	-
Egypt	-	10	-	10	-	-
Finland	-	162	-	159	3	-
France	-	282	-	281	1	-
Germany	-	485	-	488	(3)	-
Greece	-	68	-	68	-	-
Indonesia	-	40	-	40	-	-
Ireland	-	451	-	438	13	-
Israel	-	10	-	10	-	-
Italy	-	7,791	-	7,582	209	-
Japan	-	656	-	656	-	-
Liechtenstein	-	114	-	114	-	-
Luxembourg	-	822	-	800	22	-
Malaysia	-	50	-	50	-	-
Monaco	-	9	-	9	-	-
Namibia	-	5	-	5	-	-
Netherlands	159	2,336	-	2,078	12	405
New Zealand	-	311	-	312	(1)	-
Norway	1,632	6,828	-	8,533	(103)	30
Philippines	-	20	-	20	-	-
South Africa	-	135	-	135	-	-
Spain	-	815	-	815	-	-
Sweden	-	9,327	-	7,256	121	1,950
Switzerland	76	2,137	-	2,034	8	171
United Kingdom	-	5,979	-	5,956	23	-
United States	-	4,397	-	2,847	-	1,550
Subtotal	2,588	47,697	-	45,860	319	4,106

Countries/Trust Funds	Unpaid pledges as at 1 January 1996	Add: pledges for 1996-1997 and adjustments of prior pledges	Add: pledges for future years	Less: collections 1996 and 1997	Less: loss (gain) on exchange	Unpaid pledges as at 31 December 1997
Trust Fund for Disaster Relief						
Public donations						
Others	-	1,074	-	1,074	-	-
Subtotal	-	1,074	-	1,074	-	-
Total	-	1,074 [a]	-	1,074	-	-
Trust Fund for Human Rights Field Operation in Rwanda						
Australia	-	433	-	433	-	-
Austria	-	364	-	364	-	-
Belgium	-	1,122	-	1,122	-	-
Canada	-	345	-	345	-	-
Cyprus	-	1	-	1	-	-
Denmark	-	550	-	550	-	-
Finland	-	95	-	95	-	-
Germany	-	916	-	916	-	-
Ireland	-	419	-	419	-	-
Italy	-	303	-	303	-	-
Japan	-	200	-	200	-	-
Liechtenstein	-	8	-	8	-	-
Namibia	-	1	-	1	-	-
Netherlands	-	3,276	-	3,276	-	-
Norway	-	458	-	458	-	-
South Africa	-	42	-	42	-	-
Sweden	-	739	-	739	-	-
Switzerland	-	948	-	948	-	-
Thailand	-	7	-	7	-	-
United Kingdom	-	5,701	-	5,701	-	-
United States	-	2,455	-	2,455	-	-
Subtotal	-	18,383	-	18,383	-	-

Countries/Trust Funds	Unpaid pledges as at 1 January 1996	Add pledges for 1996-1997 and adjustments of prior pledges	Add pledges for future years	Less: collections 1996 and 1997	Less: loss (gain) on exchange	Unpaid pledges as at 31 December 1997
Trust Fund for Human Rights Field Operation in Rwanda						
Public donations	-	-	-	-	-	-
Others	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
TOTAL	-	18,383	-	18,383	-	-
Voluntary Trust Fund for Assistance in Mine Clearance						
Australia	-	188	-	188	-	-
Austria	-	18	-	18	-	-
Belgium	-	304	-	296	8	-
Canada	-	601	-	601	-	-
Denmark	-	4,028	-	4,028	-	-
Finland	-	232	-	232	-	-
France	-	396	-	396	-	-
Germany	-	1,457	-	1,457	-	-
Greece	-	70	-	70	-	-
Iceland	-	5	-	5	-	-
Ireland	-	624	-	624	-	-
Israel	-	95	-	95	-	-
Italy	-	588	-	588	-	-
Japan	-	4,000	-	4,000	-	25
Libyan Arab Jamahiriya	-	25	-	-	-	-
Liechtenstein	-	28	-	28	-	-
Luxembourg	-	51	-	51	-	8
Monaco	-	9	8	8	1	100
Nicaragua	-	100	-	-	-	-
New Zealand	-	239	-	239	-	-
Norway	-	272	-	272	-	-
Netherlands	-	513	-	513	-	-
Portugal	-	150	-	150	-	-
Republic of Korea	-	300	-	300	-	-
Slovak Republic	-	10	-	10	-	10
South Africa	-	20	-	10	-	197
Spain	-	537	-	340	-	-
Sweden	-	151	-	151	-	-
Switzerland	-	1,977	-	1,977	-	-
United Kingdom	-	75	-	75	-	-
Subtotal	-	17,063	8	16,722	9	340

Countries/Trust Funds	Unpaid pledges as at 1 January 1996	Add pledges for 1996-1997 and adjustments of prior pledges	Add: pledges for future years	Less: collections 1996 and 1997	Less: loss (gain) on exchange	Unpaid pledges as at 31 December 1997
Voluntary Trust Fund for Assistance in Mine Clearance						
Public donations						
Others	-	681	-	681	-	-
Handicap International	-	116	-	116	-	-
Council of European Communities	-	2,668	-	2,668	-	-
Subtotal	-	3,465	-	3,465	-	-
TOTAL	-	20,528	8	20,187	9	340
Trust Fund for Enhancement of UNSMIH Capacity						
Canada	-	6,557	-	6,557	-	-
United States	-	26,326	-	26,326	-	-
Subtotal	-	32,883	-	32,883	-	-

[a] Includes cancellation of Switzerland and Norway pledges for Africa Regional of $76,087 and Azerbaijan of $50,000 respectively

E. Other special-purpose funds

Statement X

United Nations escrow account established under the provisions of Security Council resolutions 706 (1991) and 778 (1992)[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

		1997	1995
Income			
Allocations from other funds b/		39,984	-
Interest income		4,656	3,138
Miscellaneous income		-	30
TOTAL INCOME		44,640	3,168
Expenditure			
Allocations to the United Nations General Trust Fund for Humanitarian Relief in Iraq	(Schedule 9.1)	17,186	120,007
Allocations to the Special Account for the United Nations Compensation Commission	(Statement XI)	6,618	25,443
Allocations to the Special Account for Activities Approved Under Security Council Resolutions 687 (1991) and 706 (1991)	(Statement XII)	18,098	42,654
Interest expense c/		42,059	26,611
Administrative and miscellaneous expense		3	141
TOTAL EXPENDITURE		83,964	214,856
Excess (shortfall) of income over expenditure		(39,324)	(211,688)
Prior period adjustments d/		-	(2,384)
NET (SHORTFALL) OF INCOME OVER EXPENDITURE		(39,324)	(214,072)
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD		(397,474)	(183,402)
RESERVES AND FUND BALANCES, END OF PERIOD		(436,798)	(397,474)

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

(Thousands of United States dollars)

	1997	1995
Assets		
Cash and term deposits	68,958	47,620
Due from United Nations General Fund	1,306	2,489
Accrued interest receivable	385	321
TOTAL ASSETS	70,649	50,430
Liabilities		
Frozen asset transfers and contributions payable	435,161	417,677
Accrued interest payable c/	72,286	30,227
TOTAL LIABILITIES	507,447	447,904
Reserves and fund balances		
Cumulative surplus (deficit)	(436,798)	(397,474)
TOTAL RESERVES AND FUND BALANCES	(436,798)	(397,474)
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	70,649	50,430

a/ See note 10.

b/ From United Nations Escrow Account established under the provisions of Security Council Resolution 986 (1995).

c/ Imputed interest due to the transferors and contributors of funds to the Escrow Account. The interest rate used for the computation is equal to the bank rate for actual interest earned on cash balances.

d/ See note 10 (c).

The accompanying notes are an integral part of the financial statements.

Statement XI

United Nations Compensation Commission[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	1997	1995
Income		
Allocations from other funds [b]	1,288,931	25,443
Interest income	18,682	2,832
Miscellaneous income	68	8
TOTAL INCOME	1,307,681	28,283
Expenditure		
Staff and other personnel costs	26,557	18,615
Travel	113	48
Contractual services	371	989
Operating expenses	3,444	3,145
Acquisitions	944	5,991
Compensation awards	712,992	13,450
Other expenditures	821	634
TOTAL EXPENDITURE	745,242	42,872
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	562,439	(14,589)
Savings on, or cancellation of, prior period obligations	636	599
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	13,531	27,521
RESERVES AND FUND BALANCES, END OF PERIOD	576,606	13,531

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

	1997	1995
Assets		
Cash and term deposits	528,836	23,741
Other accounts receivable	1,497	12
Inter-fund balances receivable	50,441	-
Deferred charges	-	28
TOTAL ASSETS	580,774	23,781
Liabilities [c]		
Unliquidated obligations	4,168	5,920
Inter-fund balances payable	-	4,330
TOTAL LIABILITIES	4,168	10,250
Reserves and fund balances		
Cumulative surplus	576,606	13,531
TOTAL RESERVES AND FUND BALANCES	576,606	13,531
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	580,774	23,781

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[a] See note 11.

[b] From United Nations escrow account established under the provisions of Security Council resolutions 706 (1991), 778 (1992) and 986 (1995).

[c] The figures shown do not include a significant amount of compensation claims, which have been approved by the Governing Council but not yet paid because of lack of funding. For additional details, see decisions made by the Governing Council reflected in the following documents: S/AC.26/Dec.22 of 21 October 1994, S/AC.26/Dec.25 and Corr.1 of 19 December 1994, S/AC.26/Dec.28 of 22 March 1995, S/AC.26/Dec.29 of 17 May 1995, S/AC.26/Dec.31 of 12 October 1995 and S/AC.26/Dec.33 of 13 December 1995.

The accompanying notes are an integral part of the financial statements.

Statement XII

Special account for activities approved under Security Council resolutions 687 (1991) and 706 (1991): other activities[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	Activities of the Special Commission	Demarcation of boundary between Iraq and Kuwait	Return of Kuwaiti property	Consultations on Iraqi oil sales and miscellaneous	Total 1997	Total 1995
Income						
Voluntary contributions b/	200	-	-	-	200	500
Allocations from other funds c/	47,927	-	199	-	48,126	42,654
Interest income	536	-	-	-	536	55
Other/miscellaneous income	119	-	-	-	119	46
TOTAL INCOME	48,782	-	199	-	48,981	43,255
Expenditure						
Staff and other personnel costs	16,658	-	194	-	16,852	15,833
Travel	14,392	-	-	-	14,392	10,286
Contractual Services	15	-	-	-	15	13,175
Operating expenses	13,161	-	5		13,166	2,396
Acquisitions	1,647	-	-	-	1,647	621
Other expenditure	397	-	-	-	397	1,659
TOTAL EXPENDITURE	46,270	-	199	-	46,469	43,970
Excess (shortfall) of income over expenditure	2,512	-	-	-	2,512	(715)
Prior period adjustments	(158)	(1)	-	-	(159)	581
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	2,354	(1)	-	-	2,353	(134)
Savings on, or cancellation of, prior periods' obligations	57	-	-	-	57	-
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	(5,624)	(959)	(31)	(13)	(6,627)	(6,493)
RESERVES AND FUND BALANCES, END OF PERIOD	(3,213)	(960)	(31)	(13)	(4,217)	(6,627)

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

(Thousands of United States dollars)

	Activities of the Special Commission	Demarcation of boundary between Iraq and Kuwait	Return of Kuwaiti property	Consultations on Iraqi oil sales and miscellaneous	1997	1995
Assets						
Cash and term deposits	16,435	-	-	-	16,435	176
Other accounts receivable	474	-	-	-	474	238
Operating funds provided to International Atomic Energy Agency a/	124	-	-	-	124	-
Deferred charges	12	-	-	-	12	-
TOTAL ASSETS	17,045	-	-	-	17,045	414
Liabilities						
Unliquidated obligations	4,795	-	-	-	4,795	427
Inter-fund balances payable	10,100	960	31	13	11,104	1,474
Due to Trust Fund in Support of United Nations Peace-making and Peace-keeping Activities	2,500	-	-	-	2,500	2,500
Accounts payable - Member States	2,579	-	-	-	2,579	2,000
Other accounts payable	238	-	-	-	238	640
Inter-office credits pending	6	-	-	-	6	-
Deferred credits	40	-	-	-	40	-
TOTAL LIABILITIES	20,258	960	31	13	21,262	7,041
Reserves and fund balances						
Cumulative surplus (deficit)	(3,213)	(960)	(31)	(13)	(4,217)	(6,627)
TOTAL RESERVES AND FUND BALANCES	(3,213)	(960)	(31)	(13)	(4,217)	(6,627)
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	17,045	-	-	-	17,045	414

a/ See note 12

b/ Received from Qatar

c/ Received $18,097,983.85 and $30,028,422.41 from United Nations Escrow Accounts established under the provisions of Security Council Resolutions 706 (1991), 778 (1992), and Security Council Resolution 986 (1995) respectively

The accompanying notes are an integral part of the financial statements

Statement XIII

United Nations Central Emergency Revolving Fund[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	1997	1995 b
Income		
Voluntary contributions c	120	440
Interest income	4,871	2,946
TOTAL INCOME	4,991	3,386
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	53,351	49,965
RESERVES AND FUND BALANCES, END OF PERIOD	58,342	53,351

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

		1997	1995
Assets			
Cash and term deposits		51,381	39,924
Advances receivable	(Schedule 13.1)	6,656	13,371
Inter-fund balances receivable		13	-
Accrued interest receivable		292	71
TOTAL ASSETS		58,342	53,366
Liabilities			
Advances from member states		-	10
Inter-fund balances payable		-	5
TOTAL LIABILITIES		-	15
Reserves and fund balances			
Fund principal from contributions	(Schedule 13.2)	49,337	49,217
Cumulative surplus		9,005	4,134
TOTAL RESERVES AND FUND BALANCES		58,342	53,351
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		58,342	53,366

a/ See note 13.

b/ Comparative figures reclassified to conform to current presentation.

c/ Excludes pledges amounting to $30,884.55 made in 1997 to fund 1998 operations.

The accompanying notes are an integral part of the financial statements.

Schedule 13.1

Advances receivable as at 31 December 1997

(Thousands of United States dollars)

Operational Organization	Project	Amount Outstanding 1 January 1996	Amount Advanced 1996-1997	Amount Reimbursed 1996-1997	Amount Outstanding 31 December 1997
DHA	Burundi	110	-	110	-
DHA	Rwanda/Burundi	200	-	200	-
DHA	West Africa	1,763	-	1,600	163
DHA-Geneva	Rwanda	-	50	-	50
DHA-Geneva	Sudan	-	300	-	300
FAO	Bosnia and Herzegovina	-	1,000	955	45
IOM	Zaire/Democratic Republic of the Congo	350	-	-	350
UNAMIR	Rwanda	2,000	-	2,000	-
UNCHR	Rwanda	3,000	-	3,000	-
UNCHS	Lebanon	3,307	-	-	3,307
UNICEF	Sudan	-	2,900	2,900	-
UNICEF	Zaire/Democratic Republic of the Congo	-	2,000	2,000	-
UNREO	Rwanda	200	-	200	-
WFP	Tajikistan	2,441 a/	-	-	2,441
TOTAL		13,371	6,250	12,965	6,656

a/ Restated to include an overpayment on a previous advance of $23,200 which was previously classified as Accounts Payable.

Schedule 13.2

Voluntary contributions as at 31 December 1997

(Thousands of United States dollars)

Donor	1997	1995
Algeria	40	20
Australia	744	744
Austria	500	500
Belgium	327	327
Canada	2,195	2,195
Colombia	10	10
Denmark	2,000	2,000
Finland	1,534	1,534
France	5,480	5,480
Germany	5,000	5,000
Holy See	70	70
Iceland	10	10
Ireland	100	100
Italy	4,284	4,284
Japan	5,000	5,000
Libyan Arab Jamahiriya	5	5
Liechtenstein	7	7
Luxembourg	100	100
Malaysia	20	20
Mauritius	10	10
Monaco	80	40
Namibia	1	1
Netherlands	3,083	3,083
New Zealand	137	137
Norway	1,850	1,850
Philippines	20	20
Republic of Korea	50	50
Russian Federation	250	250
San Marino	10	-
Spain	760	760
Sweden	2,409	2,409
Switzerland	2,050	2,000
United Kingdom	5,000	5,000
United States	6,200	6,200
Other	1	1
TOTAL	49,337	49,217

Statement XIV

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	1997	1995 b/
Income		
Assessed contributions c/	41,315	21,996
Allocations from other funds d/	38,853	21,996
Voluntary contributions e/	882	153
Interest income	899	70
Other/miscellaneous income	1,009	27
TOTAL INCOME	82,958	44,242
Expenditure		
Staff and other personnel costs	53,126	20,237
Travel	3,560	3,018
Contractual services	5,506	5,164
Operating expenses	8,592	6,494
Acquisitions	2,437	3,415
TOTAL EXPENDITURE	73,221	38,328
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	9,737	5,914
Prior period adjustments	(1,837) f/	(276)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	7,900	5,638
Savings on or cancellation of prior period obligations	3,057	-
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	5,638	-
RESERVES AND FUND BALANCES, END OF PERIOD	16,595	5,638

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

(Thousands of United States dollars)

	1997	1995 b/
Assets		
Cash and term deposits	12,627	8,696
Assessed contributions receivable from Member States c/	9,266	4,007
Other accounts receivable	1,840	1,431
Inter-office transactions pending processing	291	418
Deferred charges	1	-
TOTAL ASSETS	24,025	14,552
Liabilities		
Unliquidated obligations	4,721	5,474
Interfund balances payable	2,686	3,440
Other accounts payable	23	-
TOTAL LIABILITIES	7,430	8,914
Reserves and fund balances		
Cumulative surplus	16,595	5,638
TOTAL RESERVES AND FUND BALANCES	16,595	5,638
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	24,025	14,552

a/ See note 14.

b/ Comparative figures reclassified to conform to current presentation.

c/ Includes assessed contributions unpaid irrespective of collectibility.

d/ Under the terms of General Assembly resolutions 50/212 and 51/214, the Member States were asked to waive their respective shares in the credits arising from previous budgets of the United Nations Protection Force.

e/ Represents voluntary contribution received from the Netherlands amounting to $871,794.87 and Slovenia to $9,960.00.

f/ Represents an adjustment to the allocation transferred from the United Nations Protection Force.

The accompanying notes are an integral part of the financial statements.

Statement XV

International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	1997	1995 b/
Income		
Assessed contributions c/	29,273	6,734
Allocations from other funds d/	25,977	6,734
Interest income	1,610	5
Other/miscellaneous income	20	31
TOTAL INCOME	56,880	13,504
Expenditure		
Staff and other personnel costs	40,915	1,502
Travel	3,848	684
Contractual services	4,523	39
Operating expenses	10,748	89
Acquisitions	4,942	21
TOTAL EXPENDITURE	64,976	2,335
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(8,096)	11,169
Prior period adjustments	(207) e/	-
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(8,303)	11,169
Savings on or cancellation of prior period obligations	347	-
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	11,169	-
RESERVES AND FUND BALANCES, END OF PERIOD	3,213	11,169

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

(Thousands of United States dollars)

	1997	1995 b
Assets		
Cash and term deposits	11,477	11,967
Assessed contributions receivable from Member States	5,350	1,205
Other accounts receivable	807	56
Inter-office transactions pending processing	460	95
Deferred charges	150	11
TOTAL ASSETS	18,244	13,334
Liabilities		
Unliquidated Obligations	5,848	614
Inter-fund balances payable	7,929	1,495
Other accounts payable	1,210	56
Deferred payable	44	-
TOTAL LIABILITIES	15,031	2,165
Reserves and fund balances		
Cumulative surplus	3,213	11,169
TOTAL RESERVES AND FUND BALANCES	3,213	11,169
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	18,244	13,334

a/ See note 2(a).

b/ Comparative figures reclassified to conform to current presentation.

c/ Includes assessed contributions unpaid irrespective of collectibility.

d/ Under the terms of General Assembly resolutions 50/213 and 51/215, the Member States were asked to waive their respective shares in the credits arising from previous budgets of the United Nations Assistance Mission for Rwanda.

e/ Represents an adjustment to the allocation transferred from United Nations Assistance Mission for Rwanda.

The accompanying notes are an integral part of the financial statements.

Statement XVI

Special accounts for programme support costs[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	Support of technical co-operation activities	Support of extrabudgetary administrative structures New York	Support of extrabudgetary administrative structures Geneva	Support of extrabudgetary substantive activities	Special account for programme support UNDRO	Total 1997	Total 1995 b/
Income							
Income for services rendered to:							
UNDP/UNFPA	20,333	9,388	-	-	-	29,721	32,377
Technical co-operation trust funds	17,895	-	-	-	-	17,895	14,106
Associated agency projects	3,602	-	-	-	-	3,602	4,000
General trust funds	22	2,683	1,556	16,736	6,261	27,258	16,093
ITC	-	-	442	-	-	442	703
UNCTAD	-	-	641	-	-	641	476
UNEP	-	-	898	-	-	898	738
UNHCR	-	-	7,563	-	-	7,563	5,740
UNICEF	-	4,437	814	-	-	5,251	5,792
WFP	-	-	-	-	-	-	44
IFAD	-	752	-	-	-	752	776
Others	-	3	3,553	-	-	3,556	1,754
Subtotal	41,852	17,263	15,467	16,736	6,261	97,579	82,599
Interest income	1,016	300	130	1,410	649	3,505	2,728
Other/miscellaneous income	2,043	2,592	2,470	315	45	7,465	7,362
TOTAL INCOME	44,911	20,155	18,067	18,461	6,955	108,549	92,689
Expenditure							
Staff and other personnel costs	32,067	14,480	16,732	9,019	4,333	76,631	91,213
Travel	204	67	16	7	20	314	840
Contractual services	393	19	338	-	16	766	1,423
Operating expenses	2,618	13	5	15	46	2,697	4,558
Acquisitions	51	-	97	16	7	171	306
Fellowships, grants, other	2,033	1,823	-	-	1,008	4,864	5,715
TOTAL EXPENDITURE	37,366	16,402	17,188	9,057	5,430	85,443	104,055
Excess (shortfall) of income over expenditure	7,545	3,753	879	9,404	1,525	23,106	(11,366)
Prior period adjustments	(591)	1,033	27	(65)	(185)	219	(2,552)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	6,954	4,786	906	9,339	1,340	23,325	(13,918)
Other adjustments to reserves	(261)	-	-	-	-	(261)	
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	4,481	1,087	3,127	7,630	5,551	21,876	35,794
RESERVES AND FUND BALANCES, END OF PERIOD	11,174	5,873	4,033	16,969	6,891	44,940	21,876

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

(Thousands of United States dollars)

	Support of technical co-operation activities	Support of extrabudgetary administrative structures New York	Support of extrabudgetary administrative structures Geneva	Support of extrabudgetary substantive activities	Special account for programme support UNDRO	Total 1997	Total 1995 b/
Assets							
Cash	9,202	6,042	2,603	16,225	6,229	40,301	27,648
Inter-fund balances receivable	1,272	1,142	1,299	771	584	5,068	823
Due from technical co-operation activities	4,260	-	-	-	-	4,260	2,230
Other accounts receivable	755	986	189	466	98	2,494	11,439
Other assets	110	18	-	9	-	137	283
TOTAL ASSETS	15,599	8,188	4,091	17,471	6,911	52,260	42,423
Liabilities							
Unliquidated obligations	2,234	112	39	502	20	2,907	1,927
Inter-fund balances payable	1,272	2,190	-	-	-	3,462	16,977
Due to technical co-operation activities	-	-	-	-	-	-	101
Other accounts payable	338	7	19	-	-	364	1,284
Other liabilities	581	6	-	-	-	587	258
TOTAL LIABILITIES	4,425	2,315	58	502	20	7,320	20,547
Reserves and fund balances							
Operating reserves	1,719	2,000	1,808	1,100	349	6,976	7,675
Cumulative surplus (deficit)	9,455	3,873	2,225	15,869	6,542	37,964	14,201
TOTAL RESERVES AND FUND BALANCES	11,174	5,873	4,033	16,969	6,891	44,940	21,876
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	15,599	8,188	4,091	17,471	6,911	52,260	42,423

a/ See note 16.

b/ The support account for peace-keeping operations is now reflected in a separate volume of the United Nations peace-keeping financial statements, and the Special Account for Programme Support Costs for UNDRO is now administered at UN Headquarters.

The accompanying notes are an integral part of the financial statements.

Schedule 16.1

Special accounts for programme support costs: technical cooperation reimbursement resources by office

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	UNHQ a/	ECA	ESCAP	ECE	ECLAC	ESCWA	UNCTAD	UNCHS	Total 1997	Total 1995
Income										
Income for services rendered to										
UNDP	13,774	110	536	115	61	29	853	3,729	19,207	23,040
UNFPA	591	261	98	73	103	-	-	-	1,126	1,812
Technical co-operation trust funds	6,972	555	3146	305	1,302	5	4,064	1,546	17,895	14,106
Associated agency projects	2,124	-	-	16	100	1	542	819	3,602	4,000
General trust funds	-	-	-	-	-	22	-	-	22	8
Subtotal	23,461	926	3,780	509	1,566	57	5,459	6,094	41,852	42,966
Interest income	147	87	317	66	180	22	196	1	1,016	859
Other/miscellaneous income	268	247	454	-	94	30	526	424	2,043	1,114
TOTAL INCOME	23,876	1,260	4,551	575	1,840	109	6,181	6,519	44,911	44,939
Expenditure										
Staff and other personnel costs	15,365	809	3,598	9	1,824	56	4,525	5,881	32,067	50,905
Travel	61	59	12	-	11	8	37	16	204	738
Contractual services	305	-	-	4	29	-	20	35	393	429
Operating expenses	1,851	33	28	1	42	-	-	663	2,618	3,764
Acquisitions	2	11	15	2	21	-	-	-	51	68
Fellowships, grants, other	1,497	58	-	-	-	-	478	-	2,033	1,094
TOTAL EXPENDITURE	19,081	970	3,653	16	1,927	64	5,060	6,595	37,366	56,998
Excess (shortfall) of income over expenditure	4,795	290	898	559	(87)	45	1,121	(76)	7,545	(12,059)
Prior period adjustments	(66)	60	(579)	-	-	3	(9)	-	(591)	(344)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	4,729	350	319	559	(87)	48	1,112	(76)	6,954	(12,403)
Other adjustments to reserves	-	(261)	-	-	-	-	-	-	(261)	-
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	(1,111)	218	1,829	336	1,902	265	1,068	(26)	4,481	16,884
RESERVES AND FUND BALANCES, END OF PERIOD	3,618	307	2,148	895	1,815	313	2,180	(102)	11,174	4,481

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

(Thousands of United States dollars)

	UNHQ a/	ECA	ESCAP	ECE	ECLAC	ESCWA	UNCTAD	UNCHS	Total 1997	Total 1995
Assets										
Cash	4,799	-	-	807	1,714	225	1,657	-	9,202	6,356
Inter-fund balances receivable	-	1,068	-	-	111	93	-	-	1,272	584
Due from technical co-operation activities	-	33	2,153	69	-	-	478	1527	4,260	2,230
Other accounts receivable	557	-	-	19	-	-	73	106	755	1,538
Other assets	37	-	-	-	-	-	-	73	110	230
TOTAL ASSETS	5,393	1,101	2,153	895	1,825	318	2,208	1,706	15,599	10,938
Liabilities										
Unliquidated obligations	1,732	155	5	-	6	5	18	313	2,234	1,345
Inter-fund balances payable	28	-	-	-	4	-	-	1,240	1,272	3,523
Due to technical co-operation activities	-	-	-	-	-	-	-	-	-	101
Other accounts payable	9	64	-	-	-	-	10	255	338	1,230
Other liabilities	6	575	-	-	-	-	-	-	581	258
TOTAL LIABILITIES	1,775	794	5	-	10	5	28	1,808	4,425	6,457
Reserves and Fund balances										
Operating reserve	-	217	437	64	446	8	547	-	1,719	2,388
Cumulative surplus (deficit)	3,618	90	1,711	831	1,369	305	1,633	(102)	9,455	2,093
TOTAL RESERVES AND FUND BALANCES	3,618	307	2,148	895	1,815	313	2,180	(102)	11,174	4,481
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	5,393	1,101	2,153	895	1,825	318	2,208	1,706	15,599	10,938

a/ Represents extrabudgetary technical cooperation activities of the Department of Economic and Social Affairs.

Statement XVII

United Nations Capital Assets Fund[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996-1997 ending 31 December 1997

(Thousands of United States dollars)

	1997	1995
Income		
Expenditure		
Transfers from other funds b/	46,783	-
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	267,455	267,455
RESERVES AND FUND BALANCES, END OF PERIOD	314,238	267,455

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

	1997	1995
Assets		
Land and buildings	314,238	267,455
TOTAL ASSETS	314,238	267,455
Reserves and fund balances		
Funded by United Nations General Fund c/	10,962	10,679
Donated funds	20,222	20,222
Regular budget appropriations d/	283,054	236,554
Total capital funds relating to land and buildings	314,238	267,455
TOTAL RESERVES AND FUND BALANCES	314,238	267,455

[a] See note 17.

[b] Includes $46,500,257 resulting from the capitalization of the ESCAP conference building in December 1997 and $283,215 from additional cancellation of UNITAR debt.

[c] By resolution 47/227 of 8 April 1993, the General Assembly decided that the UNITAR building should be transferred to the United Nations in return for the cancellation of the debt of the Institute as from 31 December 1992, which totalled $10,678,482. As pointed out by the Advisory Committee on Administrative and Budgetary Questions (A/47/7/Add.14), the advances made by the United Nations to UNITAR had been financed through savings in the United Nations programme budgets since 1983. The cost of the building is considered to be the amount charged to the retained fund balances of the General Fund ($9,992,482) and charged to deferred income ($686,000). The latter amount represents the unreimbursed portion of the advance under income section II of the regular budget authorized by Assembly resolution 38/177 of 19 December 1983. An amount of $283,215 representing the deficit under special purpose trust grants held by UNITAR was assumed in the United Nations General Fund for the period ending 31 December 1997, whereby the cost of the UNITAR building was adjusted to $10,961,967.

[d] Includes the capitalized cost of construction for ESCAP conference building.

The accompanying notes are an integral part of the financial statements.

Statement XVIII

Projects of a multi-year nature: United Nations construction in progress and Integrated Management Information System[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	Construction in Progress						Total	Total
	UNEP	ECA	ESCAP	Undistributed	Total	IMIS	1997	1995
Income								
Allocations from other funds	920	-	-	-	920	14,442	15,362	40,608
Interest income	3	782 d/	-	1,660	2,445	1,706	4,151	5,845
TOTAL INCOME	923	782	-	1,660	3,365	16,148	19,513	46,453
Expenditure b/ c/								
Excess (shortfall) of income over expenditure	923	782	-	1,660	3,365	16,148	19,513	46,453
Prior period adjustments	-	-	-	-	-	-	-	(86)
NET EXCESS OF INCOME OVER EXPENDITURE	923	782	-	1,660	3,365	16,148	19,513	46,367
Transfer to other funds	-	-	(46,656) e/	-	(46,656)	-	(46,656)	-
Other adjustments to fund balances	-	6,869 d/	(2,040) f/	(4,829) g/	-	-	-	(520)
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	7,966	107,577	48,696	8,611	172,850	53,140	225,990	180,143
RESERVES AND FUND BALANCES, END OF PERIOD	8,889	115,228	-	5,442	129,559	69,288	198,847	225,990

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

(Thousands of United States dollars)

	Construction in Progress						Total	Total
	UNEP	ECA	ESCAP	Undistributed	Total	IMIS	1997	1995
Assets								
Cash and term deposits	30 h/	-	-	12,077	12,107	-	12,107	37,958
Due from United Nations General Fund	-	-	-	-	-	15,909	15,909	14,187
Due from Construction Fund	924	3,001	-	(3,925)	-	-	-	-
Other accounts receivable	-	-	-	21	21	53	74	430
Deferred charges	-	-	-	-	-	4	4	-
Construction-in-progress c/	8,340	112,227	- e/	-	120,567	-	120,567	141,154
Cumulative IMIS expenditures to date c/	-	-	-	-	-	57,723	57,723	43,611
TOTAL ASSETS	9,294	115,228	-	8,173	132,695	73,689	206,384	237,340
Liabilities								
Unliquidated obligations	1	-	-	-	1	4,373	4,374	7,973
Due to United Nations General Fund	-	-	-	2,731	2,731	-	2,731	3,055
Due to UNEP	404	-	-	-	404	-	404	283
Other accounts payable	-	-	-	-	-	28	28	39
TOTAL LIABILITIES	405	-	-	2,731	3,136	4,401	7,537	11,350
Reserves and fund balances								
Capital funds relating to:								
Land and buildings	8,889	115,228	-	5,442	129,559	-	129,559	172,850
IMIS	-	-	-	-	-	69,288	69,288	53,140
TOTAL RESERVES AND FUND BALANCES	8,889	115,228	-	5,442	129,559	69,288	198,847	225,990
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	9,294	115,228	-	8,173	132,695	73,689	206,384	237,340

a/ See note 18.

b/ Expenditure of $20,585,640 incurred for the period, including gains or losses on exchange, is reported as construction-in-progress, and $14,112,884 as IMIS expenditure in the statement of assets, liabilities, reserves and fund balances.

c/ Cumulative expenditures to date are reported as Construction-In-Progress and IMIS expenditures to date in the statement of assets, liabilities, reserves and fund balances.

d/ Represents additional appropriations as per A/C 5/51/37/add.1 through utilization of interest income accrued in the investment pool applied as follows: $782,355 from current period interest income and $6,869,239 from fund balance.

e/ ESCAP construction account was capitalized and the cost of the construction of $46,500,257 was transferred to the United Nations Capital Assets Fund, whereas interest income of $156,256 was transferred to the UN General Fund.

f/ The unspent balance of $2,039,743 was transferred to the undistributed fund balance of the Construction Fund, pending disposition of this amount.

g/ Represents $2,039,743 of transfer from ESCAP construction account, less $6,869,239 for funding of ECA construction account.

h/ Held in non-convertible Kenyan shillings.

The accompanying notes are an integral part of the financial statements.

Statement XIX

United Nations Tax Equalization Fund[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	United States of America	Other Member States	Total 1997	Total 1995 [b]
Income				
Staff assessment receipts from				
United Nations Regular Budget [c]	89,118	267,355	356,473	380,747
Peace-keeping operations (Schedule 19.1)	19,845	44,344	64,189	66,524
International Tribunals [d]	3,103	9,309	12,412	2,439
TOTAL INCOME	112,066	321,008	433,074	449,710
Expenditure				
Actual and estimated reimbursements to staff members subject to United States income taxes for tax years 1996 and 1997				
Federal income tax	66,754	-	66,754	57,849
State income taxes	19,877	-	19,877	17,800
City income taxes	7,215	-	7,215	6,446
Social Security taxes	11,853	-	11,853	9,905
Subtotal	105,699	-	105,699	92,000
Staff and other personnel costs	763	-	763	-
Credits given to other Member States for				
United Nations Regular Budget	-	285,779	285,779	257,423
Peace-keeping operations (Schedule 19.1)	-	56,500	56,500	51,189
International Tribunals [e]	-	5,758	5,758	2,043
TOTAL EXPENDITURE	106,462	348,037	454,499	402,655
Excess (shortfall) of income over expenditure	5,604	(27,029)	(21,425)	47,055
Prior period adjustments [f]	(8,523)	-	(8,523)	(840)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(2,919)	(27,029)	(29,948)	46,215
Savings on, or cancellation of, prior period obligations	-	-	-	3,515
Credits to United States	(27,344)	-	(27,344)	(21,757)
Other adjustments to fund balances	216	182	398	-
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	27,345	1,912	29,257	1,284
RESERVES AND FUND BALANCES, END OF PERIOD	(2,702)	(24,935)	(27,637)	29,257

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

(Thousands of United States dollars)

	United States of America	Other Member States	Total 1997	Total 1995 b/
Assets				
Advances outstanding				
Estimated taxes for tax year 1997	49,243	-	49,243	38,975
Estimated taxes for prior years	1,255	-	1,255	591
Due from United Nations General Fund		-	-	34,973
Other accounts receivable g/	-	41	41	29
Deferred charges	-	121	121	1,781
TOTAL ASSETS	50,498	162	50,660	76,349
Liabilities				
Unliquidated obligations	50,000	-	50,000	47,092
Due to United Nations General Fund	3,200	25,097	28,297	-
TOTAL LIABILITIES	53,200	25,097	78,297	47,092
Reserves and fund balances				
Cumulative surplus	(2,702)	(24,935)	(27,637)	29,257
TOTAL RESERVES AND FUND BALANCES	(2,702)	(24,935)	(27,637)	29,257
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	50,498	162	50,660	76,349

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a/ See note 19

b/ Comparative figures reclassified to comform to current presentation.

c/ The actual revenue from staff assessment for 1997 under Section 32 of the United Nations regular budget amounted to $345,712,400. Staff assessement credits for prior years of $5,781,972 and credits derived from revenue-producing activities of $4,979,099 increased total income to $356,473,470.

d/ Includes staff assessment income of $7,688,795 and $4,723,502 respectively for the International Tribunals for the former Yugoslavia and for Rwanda.

e/ Includes credits of $2,461,937 and $3,296,115 respectively against the assessements for the Internationa. Tribunals for the former Yugoslavia and for Rwanda.

f/ Represents claims reimbursed for prior tax years.

g/ Represents $20,578 and $20,479 to be charged against the credit of Turkey for 1998 and 1999 respectively.

The accompanying notes are an integral part of the financial statements.

Schedule 19.1

United Nations Tax Equalization Fund

Income and expenditure for peacekeeping operations for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

Income	United States of America	Other Member States	Total 1996–1997	Total 1994–1995
Staff assessment receipts from				
United Nations Peace-keeping Force in Cyprus	[illegible]	2,655	[illegible]	1,855
United Nations Disengagement Observer Force	500	1,118	1,618	1,422
United Nations Interim Force in Lebanon	1,927	4,309	6,236	5,587
United Nations Angola Verification Mission	2,750	6,146	8,896	3,802
United Nations Iraq-Kuwait Observation Mission	1,047	2,340	3,387	3,249
United Nations Mission for the Referendum in Western Sahara	746	1,664	2,410	4,167
United Nations Observer Mission in El Salvador	-	0	0	3,198
United Nations Transitional Authority in Cambodia	(5)	(11)	(16)	2,259
United Nations Military Liaison Team in Cambodia	-	-	-	(1)
United Nations Protection Force	2,989	6,671	9,660	21,023
United Nations Operation in Somalia	222	498	720	7,916
United Nations Operation in Mozambique	32	71	103	4,111
United Nations Assistance Mission for Rwanda and United Nations Observer Mission Uganda-Rwanda	407	904	1,311	3,487
United Nations Observer Mission in Georgia	490	1,094	1,584	961
United Nations Observer Mission in Liberia	517	1,154	1,671	1,408
United Nations Mission in Haiti and United Nations Support Mission in Haiti	1,060	2,366	3,426	1,907
United Nations Mission of Observers in Tajikistan	159	354	513	173
United Nations Mission in Bosnia and Herzegovina	2,418	5,407	7,825	-
United Nations Transitional Administration For Eastern Slavonia, Baranja and Western Sirmium	2,877	6,436	9,313	-
United Nations Preventive Deployment Force	442	990	1,432	-
United Nations Logistics Base at Brindisi	79	178	257	-
TOTAL INCOME	19,845	44,344	64,189	66,524
Expenditure				
Credits given to Member States for:				
United Nations Peace-keeping Force in Cyprus	-	2,421	2,421	1,073
United Nations Disengagement Observer Force	-	1,242	1,242	1,398
United Nations Interim Force in Lebanon	-	4,740	4,740	5,019
United Nations Angola Verification Mission	-	7,647	7,647	3,386
United Nations Iraq-Kuwait Observation Mission	-	2,985	2,985	2,730
United Nations Mission for the Referendum in Western Sahara	-	3,901	3,901	5,711
United Nations Observer Mission in El Salvador	-	54	54	2,427
United Nations Military Liaison Team in Cambodia	-	-	-	10
United Nations Protection Force	-	6,221	6,221	12,192
United Nations Operation in Somalia	-	-	-	4,080
United Nations Operation in Mozambique	-	-	-	3,414
United Nations Assistance Mission for Rwanda and United Nations Observer Mission Uganda-Rwanda	-	868	868	4,127
United Nations Observer Mission in Georgia	-	1,448	1,448	969
United Nations Observer Mission in Liberia	-	1,425	1,425	1,442
United Nations Mission in Haiti and United Nations Support Mission in Haiti	-	2,804	2,804	2,924
United Nations Mission of Observers in Tajikistan	-	686	686	287
United Nations Mission in Bosnia and Herzegovina	-	8,486	8,486	-
United Nations Transitional Administration For Eastern Slavonia, Baranja and Western Sirmium	-	9,620	9,620	-
United Nations Preventive Deployment Force	-	1,922	1,922	-
Military Observers Group of MINUGUA	-	30	30	-
TOTAL EXPENDITURE	-	56,500	56,500	51,189

Statement XX

United Nations funds held in trust[a]

Statement of income and expenditure and changes in reserves and fund balances for the biennium 1996–1997 ending 31 December 1997

(Thousands of United States dollars)

	After Service Life Insurance Coverage	Special Accounts Compensation Awards	Rate Stabilization Reserves for Blue Cross, Aetna, GHI, Van Breda b/	United Nations Staff Life Insurance Reserves b/	Medical Insurance Plan for Field Local Staff	Self Insurance Reserve Fund Headquarters General Liabilities	Geneva and UN Staff Mutual Insurance Society Against Sickness and Accident	Joint Inspection Unit Provident Fund	Total 1997	Total 1995 c/
Income										
Contributions from staff and the United Nations	-	4,737	6,898	-	11,362	-	66,245	-	89,242	93,960
Insurance rebates	-	-	1,856	-	-	-	-	-	1,856	912
Interest income	108	2,057	6,534	965	1,112	230	2,318	17	13,341	10,143
Allocations received	-	-	-	-	-	400	-	-	400	400
Gain on exchange	-	-	-	-	-		-		-	5,648
Other/miscellaneous income	-	-	-	-	-	-	96	-	96	168
TOTAL INCOME	108	6,794	15,288	965	12,474	630	68,659	17	104,935	111,231
Expenditure										
Staff and other personnel costs	-	-	-	-	-	-	1,641	31	1,672	1,339
Other operating expenses	1	1	5	1	1	1	6,892 d/	-	6,902	122
Compensation payments	-	649	-	-	-	-	-	-	649	660
Insurance premiums	237	-	-	302	-	-	-	-	539	459
Premium rebate	-	-	-	-	-	-	-	-	-	7,461
Claim reimbursements	-	-	6	-	6,733	155	54,834	-	61,728	58,164
Deficit premiums	-	-	3,994	1,334	-	-	-	-	5,328	3,022
TOTAL EXPENDITURE	238	650	4,005	1,637	6,734	156	63,367	31	76,818	71,227
Excess (shortfall) of income over expenditure	(130)	6,144	11,283	(672)	5,740	474	5,292	(14)	28,117	40,004
Prior period adjustments	-	-	-	-	-	-	(2)	-	(2)	(2,800)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(130)	6,144	11,283	(672)	5,740	474	5,290	(14)	28,115	37,204
Other adjustments to reserves and fund balances	-	-	9,324 e/	(10) f/	-	-	-	-	9,314	10,612
RESERVES AND FUND BALANCES, BEGINNING OF PERIOD	1,143	20,369	57,777	11,110	10,588	2,230	33,666	166	137,049	89,233
RESERVES AND FUND BALANCES, END OF PERIOD	1,013	26,513	78,384	10,428	16,328	2,704	38,956	152	174,478	137,049

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

(Thousands of United States dollars)

	After Service Life Insurance Coverage	Special Accounts Compensation Awards	Rate Stabilization Reserves for Blue Cross, Aetna, GHI, Van Breda b/	United Nations Staff Life Insurance Reserves b/	Medical Insurance Plan for Field Local Staff	Self Insurance Reserve Fund Headquarters General Liabilities	Geneva and UN Staff Mutual Insurance Society Against Sickness and Accident	Joint Inspection Unit Provident Fund	Total 1997	Total 1995 c/
Assets										
Cash and term deposits	1,034	25,251	75,454	8,543	15,383	2,696	21,559	148	150,068	107,968
Investments	-	-	-	-	-	-	17,753	-	17,753	11,733
Due from United Nations General Fund	-	1,091	1,412	-	471	-	102	-	3,076	5,429
Other accounts receivable	3	171	1,518	1,933	474	8	1,318	4	5,429	14,620
TOTAL ASSETS	1,037	26,513	78,384	10,476	16,328	2,704	40,732	152	176,326	139,750
Liabilities										
Due to United Nations General Fund	24	-	-	48	-	-	-	-	72	436
Other accounts payable	-	-	-	-	-	-	1,776	-	1,776	2,134
Other liabilities	-	-	-	-	-	-	-	-	-	131
TOTAL LIABILITIES	24	-	-	48	-	-	1,776	-	1,848	2,701
Reserves and fund balances										
Operating reserves	-	-	11,156	1,289	-	-	31,110	-	43,555	22,996
Cumulative surplus (deficit)	1,013	26,513	67,228	9,139	16,328	2,704	7,846	152	130,923	114,053
TOTAL RESERVES AND FUND BALANCES	1,013	26,513	78,384	10,428	16,328	2,704	38,956	152	174,478	137,049
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	1,037	26,513	78,384	10,476	16,328	2,704	40,732	152	176,326	139,750

a/ See note 20.

b/ Excludes premiums collected and amounts paid to the insurance carriers during the financial period (see Note 20)

c/ Comparative figures reclassified to conform to current presentation.

d/ Includes loss on exchange of $6,628,096

e/ Represents refund made by Aetna in November 1997 for the unrecorded claim reserve (UNR) to reflect change in terms of contract

f/ Represents adjustment for the Premium Stabilization Reserve.

The accompanying notes are an integral part of the financial statements

F. Special account for the sale of United Nations bonds[a]

Statement XXI

Statement of assets, liabilities, reserves and fund balances as at 31 December 1997

(Thousands of United States dollars)

	1997	1995
Assets		
Due from the Ad Hoc Account for the United Nations Operation in Congo b/	35,931	35,931
Due from the Special Account for the United Nations Emergency Force (1956) b/	8,117	8,117
TOTAL ASSETS	44,048	44,048
Liabilities		
Total bonds sold	169,906	169,906
Amortized to December 1989	(166,653)	(166,653)
Net gain on exchange	(3,253)	(3,253)
UNITED NATIONS BONDS OUTSTANDING	-	-
Reserves and fund balances		
Cumulative surplus	44,048	44,048
TOTAL RESERVES AND FUND BALANCES	44,048	44,048

[a] See note 21.

[b] Disposal of this amount will be the subject of a separate report to the General Assembly.

The accompanying notes are an integral part of the financial statements.

F. NOTES

Notes to the financial statements

Note 1. The United Nations and its activities

(a) The Charter of the United Nations was signed on 26 June 1945 and came into force on 24 October 1945. The Organization's primary objectives, to be implemented through its five major organs, are as follows:

(i) The maintenance of international peace and security;

(ii) The promotion of international economic, social progress and development programmes;

(iii) The universal observance of human rights;

(iv) The administration of international justice and law;

(v) The development of self-government for Trust Territories.

(b) The General Assembly focuses on a wide range of political, economic and social issues as well as the financial and administrative aspects of the Organization.

(c) Under the direction of the Security Council, the Organization has been involved in various aspects of peacekeeping and peacemaking, including efforts towards resolving conflicts, restoring democracy, promoting disarmament, providing electoral assistance and facilitating post-conflict peace-building as well as engaging in humanitarian activities to ensure the survival of groups deprived of basic needs.

(d) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other United Nations organizations to address international economic, social and health problems.

(e) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding judgments.

(f) The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

Note 2. Summary of significant accounting and financial reporting policies of the United Nations

(a) The accounts of the United Nations ("the Organization") are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations and administrative instructions issued by the Under-Secretary-General for Management or the Controller. They also take fully into account the common accounting standards for the United Nations system, as adopted by the Administrative Committee on Coordination. The General Assembly took note of those standards in its resolution 48/216 C of 23 December 1993.

The Organization follows International Accounting Standard 1 on the disclosure of accounting policies, as modified and adopted by the Consultative Committee on Administrative Questions at its fifty-fourth session, as indicated below:

(i) Going concern, consistency, and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed, together with the reasons;

(ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies which have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;

(v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed, together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The Organization's accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(c) The financial period of the Organization is a biennium and consists of two consecutive calendar years for all funds other than peacekeeping accounts, for which the reporting year is 1 July to 30 June.

(d) Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting, although for assessed income see paragraph (j) (ii) below.

(e) The accounts of the Organization are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the Under-Secretary-General for Management. In respect of such currencies, the financial statements, prepared at such intervals as may be prescribed by the Controller under delegation of authority from the Under-Secretary-General for Management, shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of the Organization's rates of

exchange for the last month of the financial period, a footnote will be presented quantifying the difference.

(f) The Organization's financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

(g) The Organization's financial statements are presented in accordance with the ongoing recommendations of the Working Party on Financial Statements of the Consultative Committee on Administrative Questions (Financial and Budgetary Questions). In the interest of harmonizing the presentation of financial statements within the entire United Nations system, the recommended standards require the presentation of summary financial results for all of the Organization's activities in statements I and II, a statement III presentation of its cash flows and, if applicable, a statement IV or comparable schedule presentation of the status of its regular budget appropriations.

(h) The results of the Organization's operations presented in statements I, II and III are shown at a summary level by general type of activity as well as on a consolidated basis after the elimination of all inter-fund balances and instances of double-counting of income and expenditure. Their presentation on a consolidated basis does not imply that the various separate funds can be intermingled in any way, since resources normally may not be utilized between funds.

(i) Separate financial statements for the United Nations escrow account established under the provisions of Security Council resolution 980 (1995) are issued at six-month intervals. The peacekeeping accounts are reported on separately for the fiscal year from 1 July to 30 June.

(j) Income:

(i) Amounts necessary to finance the activities of the United Nations regular budget and peacekeeping operations as well as the Working Capital Fund are assessed on Member States according to the scale of assessments determined by the General Assembly;

(ii) For purposes of financial statements, income is recognized when an assessment to Member States has been authorized by the General Assembly. Neither appropriations nor spending authorities are recognized as approved;

(iii) Amounts assessed on Non-Member States that agree to pay reimbursement of costs for their participation in the Organization's treaties, organs and conferences are credited to miscellaneous income;

(iv) Voluntary contributions from Member States or other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. In accordance with General Assembly resolution 44/192 A of 29 December 1989, voluntary contributions made in cash or in the form of services and supplies that are acceptable to the Secretary-General are credited to income in respect of peacekeeping accounts.

(v) Income from revenue-producing activities, including activities handled by outside contractors, is shown in the financial statements on a net

basis, after the subtraction of directly related operating expenditures;

(vi) Income received under inter-organization arrangements represents allocations of funding from agencies that wish the Organization to administer projects or other programmes on their behalf;

(vii) Allocations from other funds represent monies appropriated or designated from one fund for transfer to and disbursement from another fund;

(viii) Income from jointly financed activities represents reimbursements by other organizations for their share of joint costs paid for by the United Nations;

(ix) Income for services rendered includes reimbursements for salaries of staff members and other costs that are attributable to the provision of technical and administrative support to other organizations;

(x) Interest income includes all interest and related investment income earned on invested funds, various bank accounts and time deposits;

(xi) Miscellaneous income includes income from rental of premises, sale of used or surplus property, refunds of expenditures charged to prior periods, income resulting from net gains resulting from currency translations, settlements of insurance claims, monies accepted for which no purpose was specified and other sundry income.

(k) Assets:

(i) Cash and term deposits comprise funds on deposits in interest-bearing bank accounts, certificates of deposit and call accounts;

(ii) Investments include securities acquired by the Organization to produce income. Apart from changes in the value arising from translation of currencies, all investments are stated at cost. No provision is made for amortization of premiums or discounts, which are taken into account as part of the gain or loss when the investments mature;

(iii) The balances of unpaid assessed contributions due from Member States are reported irrespective of collectibility;

(iv) Deferred charges comprise expenditure items that are not properly chargeable in the current financial period and that will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 110.6. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery. The presentation of deferred charges in previous financial tatements included inter-office transactions pending processing, which is now shown as a separate category;

(v) For purposes of balance sheet statements, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as

deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled;

(vi) Construction in progress and cumulative costs of the Integrated Management Information System (IMIS) are reported as current assets until completion of the construction project, at which time, together with the cost of the land, the completed construction projects are reflected as capital assets of the Organization;

(vii) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is recorded in memoranda accounts and is disclosed in notes to the financial statements.

(l) Liabilities and reserves and fund balances:

(i) Operating and other types of reserves are included in the totals for "Reserves and fund balances" shown in the financial statements;

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred income includes pledged contributions for future periods, advance sales realized under revenue-producing activities and other income received but not yet earned;

(iv) Commitments of the Organization relating to prior, current and future financial periods are shown as unliquidated obligations. Current period obligations related to the regular budget and special accounts remain valid for 12 months following the end of the biennium to which they relate. Obligations for most technical cooperation activities remain valid for 12 months after the end of each calendar year. Unliquidated obligations relating to amounts owed by peacekeeping operations to Member States may normally be retained for a period of five years beyond the end of a period. Unliquidated obligations relating to construction in progress and IMIS projects remain valid until the completion of the project;

(v) The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined-benefit plan. The financial obligation of the Organization to UNJSPF consists of its mandated contribution at the rate established by the Assembly together with its share of any actuarial deficiency payments that might become payable pursuant to article 26 of the regulations of the Fund.

(m) Technical cooperation activities:

(i) The technical cooperation financial statements report on the activities financed by UNDP, UNFPA, UNEP and certain trust funds. In addition, the total expenditure for projects executed under section 20 of the regular budget of the United Nations, together with corresponding amounts of contribution income, are also reflected in the technical cooperation financial statements;

(ii) The appropriation for technical cooperation programmes of the regular budget is administered in accordance with the Financial Regulations of the Organization. Unliquidated obligations for the regular programme of technical cooperation that are outstanding at the end of a financial period are transferred from the United Nations General Fund accounts to the technical cooperation accounts in the following financial period;

(iii) Allocation income - UNDP, UNFPA and UNEP: The figures for allocation income from UNDP, UNFPA and UNEP are the same as reported for total expenditure in line with the procedures of those organizations, which require that allocations be adjusted to equal actual expenditure;

(iv) Contribution income - trust funds: Contributions from Member States or other donors are recorded upon receipt of the contributions or written pledges;

(v) Interest and miscellaneous income: Miscellaneous income arising from regular budget activities is credited to miscellaneous income of the General Fund. Interest and miscellaneous income arising from UNDP, UNFPA and UNEP activities are credited to the operating fund accounts maintained with those organizations. Interest and miscellaneous income for technical cooperation trust funds are credited to the trust funds concerned;

(vi) Unspent allocations/deferred income - UNDP, UNFPA and UNEP: The unspent balance of allocations issued for the current year, together with allocations issued for future years, is reflected as an asset and as deferred income. Unspent allocations for UNDP-financed projects and UNDP-administered trust funds are based on the project budgets. Unspent allocations for UNFPA-financed projects and UNEP projects are based on allocation advices issued by those organizations;

(vii) Unliquidated obligations for the current period in respect of all technical cooperation activities other than the regular budget remain valid for 12 months following the end of the calendar year, rather than the biennium, to which they relate. However, in accordance with UNDP/UNFPA reporting requirements, executing agencies may retain unliquidated obligations beyond 12 months when a firm liability to pay still exists; such liabilities are reported as accounts payable in the financial statements. Savings in the liquidation of prior period obligations are credited to individual projects as a reduction of current period expenditure in accordance with UNDP/UNFPA reporting requirements;

(viii) In accordance with UNDP/UNFPA reporting requirements, unliquidated obligations are reflected in the accounts but are not reported as part

of the expenditure for the interim periods. They are reported as such only at year's end. For interim periods, current-year unliquidated obligations for UNDP, UNFPA and technical cooperation trust funds are reported as deferred charges and as liabilities;

(ix) A system of average costing is used for UNDP/UNFPA projects whereby those elements of experts' actual costs that are unique to the individual expert are charged to UNDP/UNFPA projects at average cost, calculated by apportioning those costs over all UNDP or UNFPA projects in respect of which expert-months have been delivered in the current period;

(x) Provision for repatriation grant entitlement is calculated on the basis of 8 per cent of net base pay for all project personnel except those subject to average costing;

(xi) During the biennium 1996-1997, the distribution of interest income was calculated using the percentage participation of each fund at the end of the year for 1996 and on the quarterly fund balances for 1997. This is a departure from the monthly averages calculated in previous financial periods.

(n) Trust funds established by the General Assembly or the Secretary-General are of two types - general trust funds and technical cooperation trust funds:

(i) Accounts for general trust funds are maintained under the same accounting procedures as those adopted for the regular budget;

(ii) Accounts for technical cooperation trust funds and for the United Nations Population Fund - United Nations Work Programme general trust fund are accounted for on the same basis as described above for technical cooperation activities;

(iii) Extrabudgetary funds provided to reimburse the Organization for the use of its facilities are not treated as trust funds. Any unspent balances of such funds held by the Organization are included as part of accounts payable totals reported in the General Fund (statement V).

Note 3. <u>All funds summaries: income and expenditure and changes in reserves and fund balances (statement I); assets, liabilities, reserves and fund balances (statement II); cash flow (statement III)</u>

(a) Statements I, II, and III contain financial results for United Nations funds, which are totalled into four groups of related funds and, after eliminations, consolidated into a grand total reflecting all activities of the Organization. This consolidated presentation should not be interpreted to mean that any of the individual funds can be used for any other purpose than that for which it is authorized:

(i) "General Fund, Working Capital Fund and Special Account" includes the United Nations General Fund (statement V), the United Nations Working Capital Fund (statement VI) and the United Nations Special Account (statement VII);

(ii) "Technical cooperation activities" includes the same financial results as are reflected in statement VIII;

(iii) "General trust funds" includes the financial results summarized in statement IX;

(iv) "Other special funds" includes all other United Nations funds, which are maintained for a variety of purposes (statements X to XXI).

(b) Statement I includes two calculations of the excess (shortfall) of income over expenditure. The first calculation is based on income and expenditure only for the current period in the biennium. The second calculation shown is a net one, which includes any prior period adjustments to income or expenditure.

(c) The cash flow summary statement is based on the "indirect method" of cash flow statements covered by International Accounting Standard 7.

(d) As a result of the change in the fiscal year for peacekeeping operations (1 July-30 June), peacekeeping activities are not shown in the consolidated statements, but are shown separately in the peacekeeping financial statements.

Note 4. General Fund: status of appropriations (statement IV)

In accordance with General Assembly resolutions 50/215 A of 23 December 1995, 51/222 A of 18 December 1996 and 52/213 A of 22 December 1997, the final budget appropriations and gross assessments for the biennium 1996-1997 are as follows (in thousands of United States dollars):

	1996	1997	Total 1996-1997
Budget appropriation (resolution 50/215 A)	1 304 137	1 304 137	2 608 274
Less: Decreased appropriation for the biennium 1996-1997 (resolution 51/222 A)	-	4 993	4 993
Decreased appropriation for the biennium 1996-1997 (resolution 52/213 A)	-	61 209	61 209
Total 1996-1997 revised budget appropriation	1 304 137	1 237 935	2 542 072
Estimated income (other than staff assessment) for the biennium 1996-1997 (resolution 50/215 B)	43 548	43 548	87 096

		1996	1997	Total 1996-1997
Less:	Decrease in income (other than staff assessment) for the biennium 1996-1997 (resolution 51/222 B)	-	2 855	2 855
	Decrease in income (other than staff assessment for the biennium 1996-1997 (resolution 52/213 B)	-	5 238	5 238
	Total 1996-1997 final estimated income	43 548	35 455	79 003
Total 1996-1997 revised budget appropriation less total estimated income		1 260 589	1 202 480	2 463 069
Add:	Increased appropriation for the biennium 1994-1995 (resolution 50/205 A)	24 161	-	24 161
	Decrease in income (other than staff assessment) for the biennium 1994-1995 (resolution 50/205 B)	947	-	947
	Decreased appropriation for the biennium 1996-1997 (resolution 52/213 A)	-	61 209	61 209
Less:	Balance of surplus account account at 31 December 1995 applied in 1997 (resolution 51/222 C)	-	10 125	10 125
	Decrease in income (other than staff assessment) for the biennium 1996-1997 (resolution 52/213 B)	-	5 238	5 238
Gross amount assessed on Member States in the biennium 1996-1997		1 285 697 a/	1 248 326 a/	2 534 023

a/ See ST/ADM/SER.B/482 and ST/ADM/SER.B/503.

Note 5. General Fund (statement V)

(a) Cash and term deposits:

(i) The cash and term deposits figure shown represents the net total of all cash balances (including funds held in non-convertible currencies) less any overdrafts;

(ii) The following figures show the United States dollar equivalent of the non-convertible currencies held as at 31 December 1997:

Afghanistan afganis	33
Egyptian pounds	169 579
Ethiopian birr	30 763
Iraqi dinars	169
Liberian dollars	14 898
Syrian pounds	63 914
Total	279 356

(b) Assessed contributions unpaid:

(i) In accordance with financial regulation 5.6, payments made by a Member State are credited first to the Working Capital Fund and then to regular budget contributions due, in the order in which the Member State was assessed;

(ii) Certain Member States have indicated that they do not intend to pay some of their assessed contributions or that such contributions will be paid only under certain conditions. A number of Member States have requested that attention be drawn to their positions as stated by their delegations at successive sessions of the General Assembly. They do not consider themselves bound to participate in paying their estimated share of certain expenditure items included in the Organization's regular budget, such as the United Nations bond issue. Prior to 1975, withholdings by those Member States included their estimated shares of the United Nations Commission for the Unification and Rehabilitation of Korea and the United Nations Memorial Cemetery in Korea. Prior to 1968, there were withholdings for the United Nations Truce Supervision Organization in Palestine and the United Nations Field Service;

(iii) Certain Member States have also stated that they do not consider themselves bound to particular expenditure items included in the United Nations regular budget, such as the Committee on the Exercise of the Inalienable Rights of the Palestinian People, the Special Unit on Palestinian Rights, the International Conference on the Question of Palestine, the International Conference on the Alliance between South Africa and Israel, the preparatory commission for the United Nations Conference on the Law of the Sea, the United Nations International School, the grants-in-aid to cover the deficit of UNITAR, the International Conference on Kampuchea and the expenses involved in transferring extrabudgetary posts to the regular budget;

(iv) As a result of the positions taken by some Member States as outlined above, it is estimated that as at 31 December 1997 a cumulative total of $55.4 million will have been withheld from the payments of two Member States. This estimate is included in the total contributions outstanding as at 31 December 1997 of $473.5 million with respect to the regular budget;

(v) The assessed contributions receivable shown in statement V exclude $16.6 million in unpaid assessed contributions to the regular budget by China for the period up to 24 October 1971. Following the adoption by the General Assembly on 25 October 1971 of resolution 2758 (XXVI), entitled "Restoration of the lawful rights of the People's Republic of China in the United Nations", that amount was transferred to a special account under Assembly resolution 3049 C (XXVII) of 19 December 1972;

(vi) The report on the status of contributions as at 31 December 1997 (ST/ADM/SER.B/521, annex II) shows regular budget unpaid assessed contributions of $473,591,663. The $131,501 difference between the regular budget unpaid and the $473,460,162 shown as unpaid on Statement V is due to the 1997 contributions from Saint Vincent and Grenadines of $25,000 and from Paraguay of $106,508, which were received and/or deposited after preparation of the report but before the year-end accounts were closed. The remaining $9 is due to rounding.

(c) Accounts receivable: The following analysis of accounts receivable is expressed in millions of United States dollars and is included in Statement V as at 31 December 1997 and 1995:

	1997 a/	1995 b/
Governments	3.7	4.7
Staff members	6.7	18.5
Vendors	7.4	7.0
Specialized agencies	13.2	23.8
Other entities	43.4	27.7
Others	22.0	5.0
Total a/	96.4	86.7

a/ Classification of receivable balances have been changed in the new accounting system.

b/ Comparative figures have been reclassified to conform to current presentation.

(d) Inter-fund balances: Inter-fund balances reflect transactions between the United Nations General Fund and other United Nations funds, which are normally settled in the following month. Any inter-fund balance existing between the General Fund, the Working Capital Fund and the Special Account are settled only when the liquidity of the General Fund permits. Inter-fund indebtedness with the General Fund is not restricted to transactions directly between the General Fund and other funds. Normal transactions directly between

funds other than the General Fund are reported as indebtedness from the General Fund to the fund owed and indebtedness to the General Fund from the fund owing. The following table is a breakdown of the inter-fund balances, in millions of United States dollars, appearing in statement V.

Inter-fund balances receivable	1997	1995 a/
United Nations technical cooperation activities (statement VIII)	2.1	1.7
United Nations general trust funds (statement IX)	39.7	12.9
United Nations Compensation Commission (statement XI)	-	4.3
Special account for activities approved under Security Council resolution 687 (1991) (statement XII)	11.1	1.5
Special accounts for programme support costs (statement XVI)	3.5	17.0
United Nations construction in progress (statement XVIII)	2.7	3.1
United Nations funds held in trust (statement XX)	0.1	0.4
International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (statement XIV)	2.7	3.4
International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda (statement XV)	7.9	1.5
United Nations escrow account established under the provisions of Security Council resolution 986 (1995)	117.3	-
United Nations peacekeeping operations b/	96.6	56.4
Total	283.7	102.2

Inter-fund balances payable	1997	1995 a/
United Nations technical cooperation activities (statement VIII)	31.2	15.0
United Nations general trust funds (statement IX)	3.6	3.5
United Nations Compensation Commission (statement XI)	50.4	-
United Nations escrow account established under the provisions of Security Council resolutions 706 (1991) and 778 (1992) (statement X)	1.3	2.5
Special accounts for programme support costs (statement XVI)	5.1	0.8
Integrated Management Information System (statement XVIII)	15.9	14.2
United Nations funds held in trust (statement XX)	3.1	5.4
United Nations escrow account established under the provisions of Security Council resolution 986 (1995)	48.3	-
United Nations peacekeeping operations b/	44.1	22.4
Total	203.0	63.8

a/ Comparative figures have been reclassified to conform to current presentation.

b/ Peacekeeping operation inter-fund is presented in the aggregate as financial statements for peacekeeping operations are reported separately on a fiscal year basis (1 July-30 June).

(e) Deferred charges: The totals below provide a comparison of the amounts shown in statement V as deferred charges, in millions of United States dollars, as at 31 December 1997 and 1995:

	1997	1995 a/
Education grant advances	8.4	8.7
Commitments against future years	85.0 b/	2.2
Other	5.2	5.9
Total	98.6	16.8

a/ Comparative figures have been reclassified to conform to current presentation.

b/ Represents reserves for obligations from 1998 to 2007.

(f) Non-expendable property: In accordance with United Nations accounting policies, non-expendable property is not included in the fixed assets of the Organization but is charged against the current appropriations when acquired. The following table shows non-expendable property, in millions of United States dollars, at Headquarters and overseas locations, according to the cumulative inventory records of the United Nations:

	1997	1995 a/ b/
Headquarters	84.7	80.4
MINUGUA	8.8	1.3
United Nations Administrative Unit, Baghdad	4.8 c/	5.0
International Court of Justice	2.2	1.8
United Nations Office at Vienna	5.8	7.0
UNEP	7.7	8.0
UNHCR	-	-
UNCHS	1.0	1.0
United Nations Office at Geneva	30.2	26.6
ESCWA	1.6 d/	1.7
ECLAC, Mexico	0.5	0.4
ECLAC, Santiago	3.1	3.5
ESCAP	5.5 d/	5.1
ECA	5.4	3.8
UNMOGIP	0.5	3.2
UNTSO	7.9	7.9

	1997	1995 a/ b/
UNSMA	0.6 d/	0.5
United Nations Supply Depot, Pisa	-	4.0 e/
United Nations information centres	4.2	3.0
Total	174.5	164.2

a/ Comparative figures have been reclassified to conform to current presentation.

b/ Non-expendable property for UNHCR is excluded as it is reported in the accounts of UNHCR.

c/ Excludes non-expendable property for the United Nations Office of the Humanitarian Coordination in Iraq, which is reported in note 3 to the financial statements for the United Nations escrow account established under the provision of Security Council resolution 986 (1995).

d/ Represents non-expendable property as of 30 June 1997.

e/ Transferred to the United Nations Logistics Base (in Brindisi) UNLB in June 1996.

The non-expendable inventory costs for United Nations technical cooperation projects amount to $164.9 million in 1997 and $185.2 in 1995.

(g) Accounts payable: The following comparison of accounts payable, in millions of United States dollars, appears in statement V as at 31 December 1997 and 1995:

	1997	1995 a/
Governments	5.8	3.4
Staff members	7.0	12.1
Vendors	13.9	4.9
Specialized agencies	8.9	3.4
Due to other United Nations entities	12.0	7.0
Provisions for repatriation grant	3.5	2.8
Special indemnity funds	-	0.2
Proceeds of awards pending disposition b/	0.9	0.8
Other	2.2	28.4
Total	54.2	63.0

a/ Comparative figures have been reclassified to conform to current presentation.

b/ Includes awards from Nobel Peace Prize, Olaf Palme Prize and Hastings Foundation.

(h) Deferred income: Deferred income as at 31 December 1997 and 1995, in millions of United States dollars, is shown in statement V:

	1997	1995
UNPA customers' subscription deposits	1.5	2.3
Other	2.2	-
Total	3.7	2.3

(i) Reserves and fund balances: The surplus account of the United Nations General Fund represents funds available for credit to Member States arising from unobligated balances of appropriations, savings in the liquidation of obligations for prior periods, contributions from new Member States and other designated income. The balance of the surplus account is to be offset against future assessments in accordance with the provisions of financial regulation 5.2 (d), unless the General Assembly decides otherwise. The following figures show the composition of total reserves and fund balances as at 31 December 1997 and 1995 (in thousands of United States dollars):

		1997	1995
Authorized retained surpluses as established by:			
General Assembly resolutions 2947 A and B (XXVII)		3 938	3 938
General Assembly resolution 36/116 B	45 480		
Less: write-off of arrears for South Africa a/	19 100	26 380	26 380
General Assembly resolution 40/241 B	10 532		
Less: write-off of arrears for South Africa a/	4 423	6 109	6 109
General Assembly resolution 42/216 A	154 881		
Less: Transfer to Peacekeeping Reserve Fund b/	82 601		
write-off of arrears for South Africa a/	30 359	41 921	41 921
Total authorized retained surplus		78 348	78 348
Less: Funding of UNITAR building c/		9 992	9 992
Net authorized retained surplus		68 356	68 356

	1997	1995
Cumulative surplus:		
Excess of income over expenditure	91 280	722
Savings in liquidation of prior period obligations	13 617	9 403
Revision in 1994-1995 appropriation		(25 108)
Credits to Member States	10 125	-
Prior period adjustments	(25 108)	-
New Member States' contributions	109	-
Adjustments to fund balance d/	(377)	-
Total cumulative surplus	89 646	(14 983)
TOTAL RESERVES AND FUND BALANCES	158 002	53 373

a/ General Assembly resolution 50/83 of 15 December 1995.

b/ General Assembly resolution 47/217 of 23 December 1992.

c/ General Assembly resolution 47/227 of 8 April 1993.

d/ Comprises absorption of UNITAR debt of $283,215 and write-off of UNITAR operating costs of $94,382.

Note 6. Working Capital Fund (statement VI)

In accordance with General Assembly resolution 50/218 of 23 December 1995, the United Nations Working Capital Fund was established in the amount of $100 million for the biennium 1996-1997. As at 31 December 1997, it had a principal of $100.01 million.

Note 7. Special Account (statement VII)

Under the provisions of General Assembly resolutions 2053 A (XX) of 15 December 1965 and 3049 A (XXVII) of 19 December 1972, the United Nations Special Account has received voluntary contributions from Member States and private donors in order to overcome the financial difficulties of the United Nations and to resolve the Organization's short-term deficit.

Note 8. Technical cooperation activities (statement VIII)

(a) The amount of $32.9 million shown in statement VIII as receivable from funding sources represents unliquidated obligations in respect of which funds will be requested only as payments become due, in accordance with existing arrangements with UNDP, UNFPA and UNEP.

(b) The $92.6 million in cash and term deposits includes the following United States dollar equivalent amounts of non-convertible currencies:

Chinese yuan	138 811
Indian rupees	129 351
Indonesian rupiahs	17 066
Total	285 228

(c) Statement VIII excludes expenditures on nationally executed UNDP projects executed on a cooperating agency basis and projects executed on an associated agency basis by the following offices:

	National execution a/	Associated agency b/
United Nations Headquarters	14 985 659	1 125 200
ECLAC	-	279 223
ESCWA	-	12 346
ECE	-	259 193
UNCHS	-	7 755 209
UNCTAD	3 891 556	947 297
Total	18 877 215	10 378 468

a/ National execution project expenditures executed by the United Nations on a cooperating agency basis are reported separately by the United Nations to UNDP. National execution project expenditures are reported in full to UNDP by Governments.

b/ Project expenditure executed by the United Nations on an associated agency basis are reported fully in the executing agencies' own financial statements.

The programme support cost income earned from these activities is shown in statement XVI, schedule 16.1.

Note 9. General trust funds (statement IX)

(a) The following 26 new trust funds were established during the biennium 1996-1997 ending 31 December 1997 (internal accounting codes appear in parenthesis):

Trust Fund for the Least Developed Countries in the Work of the Preparatory Committee on the Establishment of an International Criminal Court and in the 1998 Diplomatic Conference of Plenipotentiaries (AKA)

Trust Fund in Support of the Activities of the Secretary-General's Special Representative to the Great Lakes Region of Central Africa (AQA)

Trust Fund for Preventive Action (PYA)

Trust Fund for the Rapidly Deployable Mission Headquarters (RJA)

Trust Fund for United Nations Reform (RXA)

Trust Fund in Support of Special Missions and Other Activities Related to Preventive Diplomacy and Peacemaking (SZA)

Trust Fund for the Police Assistance Programme in Eastern Slavonia (EBA)

Trust Fund to Support the Efficiency Review Board of the United Nations Secretariat (EQA)

Trust Fund for Confidence-Building Measures in Eastern Slavonia (EYA)

Trust Fund for the Police Assistance Programme in Bosnia and Herzegovina (EZA)

Trust Fund in Support of the United Nations Coordinator in the Occupied Territories (GGA)

Trust Fund to Support a Survey of United Nations Staff on Harassment in the Workplace (HTA)

United Nations Voluntary Fund for the International Decade of the World's Indigenous People (IVA)

Trust Fund for Assistance to Military Officers on Loan from Governments in Support of Peacekeeping (LNA)

Trust Fund for the Support of Regional and District Councils in Somalia - Life and Peace Institute (LKA)

United Nations Trust Fund for Education and Communication (LVA)

Trust Fund to support the Activities of UNDOF (OYA)

Trust Fund for Improving Preparedness for Conflict Prevention and Peacekeeping in Africa (PWA)

Trust Fund for Economic Revitalization and Restoration of Essential Services in Eastern Slavonia (RKA)

Trust Fund of the United Nations Standing Advisory Committee on Security Questions in Africa (SQA)

Trust Fund for the Enhancement of UNSMIH Capacity (MYA)

Trust Fund for the Support of Troops Participating in the Inter-African Mission to Monitor the Implementation of the Bangui Agreements (BCA)

Trust Fund for the Colloquium on the Progressive Development and Codification of International Law (CVA)

Sheikh Ashmawi Trust Fund (KHA)

Trust Fund for the Operations of ESCWA in Beirut (LYA)

Trust Fund for the Enhancement of UNTMIH Capacity (MWA)

(b) As at 31 December 1997, there were 189 general trust funds, of which 184 were in operation. The following new trust funds had no activity:

Trust Fund for Haiti to Finance the Cost of Construction Materials

Sheikh Ashmawi Trust Funds

Trust Fund for the Support of Troops Participating in the Inter-African Mission to Monitor the Implementation of the Bangui Agreements

Trust Fund for the Assistance Programme in Eastern Slavonia

Trust Fund for the Support of Regional and District Councils in Somalia - Life and Peace Institute

(c) The following 10 trust funds were closed during the same period:

Trust Fund for Social Development

Voluntary Fund for Assisting Small Island Developing States and the Least Developed Countries to Participate in the Global Conference on the Sustainable Development of Small Island Developing States and Its Preparatory Process

Trust Fund to Support the Study of the Scale of Assessments for the Apportionment of the Expenses of the United Nations

Trust Fund Related to Settlement of the Situation Relating to Afghanistan

Trust Fund on the Coordinated Procurement of the United Nations System

Trust Fund for Supporting the Negotiating Process Relating to the Process relating to the Protection of Global Climate for Present and Future Generations of Mankind

Trust Fund for Support to Participation in the Negotiating Process of the Protection of Global Climate for Present and Future Generations of Mankind

United Nations Special Relief Office in Bangladesh

Trust Fund for Assistance to Registered Political Parties in Mozambique

Trust Fund for the Support of Regional and District Councils in Somalia - Life and Peace Institute

Note 10. United Nations escrow account established under the provisions of Security Council resolutions 706 (1991) and 778 (1992) (statement X)

(a) An escrow account administered by the Secretary-General was established by the United Nations in 1992 as provided for in Security Council resolutions 706 (1991) and 712 (1991). It was to consist of Iraqi funds from the sale of oil to be used for payment by the United Nations Compensation Commission, the full costs of carrying out the tasks authorized by section C of resolution 687 (1991), the full costs incurred by the United Nations in

facilitating the return of all Kuwaiti property seized by Iraq, half the costs of the Boundary Commission and the cost to the United Nations of implementing resolution 706 (1991) and other necessary humanitarian activities in Iraq.

(b) With the refusal of Iraq to sell oil under the provisions of Security Council resolutions 706 (1991) and 712 (1991), the Council, on 2 October 1992, adopted resolution 778 (1992) as an alternative means of providing funds for the purposes specified. Member States in which there were petroleum products owned by Iraq or Member States with funds of the Government of Iraq representing the proceeds of petroleum sales, paid for by the purchaser after 6 August 1990, were required to transfer some or all of those funds to the escrow account. In addition, in resolution 778 (1992) the Council urged Member States to contribute funds from other sources to the escrow account. All such funds transferred or contributed to the escrow account under the provisions of resolution 778 (1992) were to be transferred back to the accounts of States from which funds were provided, together with applicable interest, at such time as oil exports have taken place pursuant to the system provided in resolutions 706 (1991) and 712 (1991), and the escrow account has received funds from the proceeds of sale. In January 1997, the escrow account started receiving funds from proceeds of Iraqi oil sales. Transfer of funds back to the accounts of States that provided the original funds to the escrow account has been initiated.

(c) As at 31 December 1997, frozen asset transfers and voluntary contributions to the escrow account totalled $435.2 million, as follows (in millions of United States dollars):

Australia	0.7
Canada	3.8
Denmark	4.0
European Community	36.6
Finland	0.6
France	0.5
Germany	1.5
Greece	0.3
Japan	8.2
Kuwait	32.0
Netherlands	23.1
New Zealand	0.1
Norway	0.4
Oman	0.2
Saudi Arabia	73.5
Sweden	11.7
Switzerland	0.3
United Arab Emirates	0.8
United Kingdom of Great Britain and Northern Ireland	25.8
United States of America	211.1
Total	435.2

Note 11. United Nations Compensation Commission (statement XI)

The Compensation Commission was established in 1991 in accordance with Security Council resolution 687 (1991) to administer the settlement of claims arising from any direct loss, damage or injury for which the Government of Iraq is held liable as a result of its invasion and occupation of Kuwait. By its resolution 986 (1995), the Security Council approved the allocation of 30 per cent of the proceeds from sales of Iraqi oil to the Compensation Commission.

Note 12. Special account for activities approved under Security Council resolutions 687 (1991) and 706 (1991): other activities (statement XII)

(a) The Security Council, in resolution 687 (1991), requested the Secretary-General to undertake certain tasks in connection with the situation between Iraq and Kuwait. The costs of those activities were to be considered as an advance pending the receipt of payments to the Organization by Iraq in respect of certain activities, and by Iraq and Kuwait jointly in respect of the costs of the Boundary Commission. With the adoption by the Security Council of resolutions 778 (1992) and 986 (1995), most of those costs are being covered by transfers from the escrow accounts (see note 22).

(b) During the biennium a change was made in the accounting policy relating to the classification of the unspent balance from funds remitted to the International Atomic Energy Agency (IAEA) to execute the activities of the Special Commission in Iraq. Formerly, such balance had been treated as deferred charges pending an accounting by IAEA of the unspent balance.

Note 13. United Nations Central Emergency Revolving Fund (statement XIII)

The United Nations Central Emergency Revolving Fund was established by the Secretary-General in accordance with General Assembly resolution 46/182 of 19 December 1991. The Fund is financed by voluntary contributions. Its resources are to be used only for advances to United Nations organizations and entities in order to expedite their responses to requests for emergency assistance. Those advances are to be repaid to the Fund as a first charge against voluntary contributions received in respect of the particular emergency assistance programme.

Note 14. International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (statement XIV)

(a) By resolutions 808 (1993) and 827 (1993), the Security Council established the International Tribunal.

(b) The General Assembly, in its resolutions 50/212 A, 50/212 B, 50/212 C, 51/214 and 51/214 B approved the funding through December 1997, half from credits arising from previous budgets of the United Nations Protection Force and half from assessments on Member States in accordance with the regular budget scale of assessments for 1996 and 1997.

Note 15. International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 (statement XV)

(a) By resolution 955 of 8 November 1994, the Security Council established the International Criminal Tribunal.

(b) The General Assembly, in its resolutions 50/213, 50/213 B, 50/213 C, 51/215 and 51/215 B, approved the funding through December 1997, half from credits arising from previous budgets of the United Nations Assistance Mission in Rwanda and half from assessments on Member States in accordance with the regular budget scale of assessment for 1996 and 1997.

Note 16. Special accounts for programme support costs (statement XVI)

(a) Reimbursement for programme support costs is provided for in respect of extrabudgetary technical cooperation, administrative and substantive activities. The reimbursement is calculated as a percentage of the programme resources expended. The special accounts for programme support costs are shown separately from the extrabudgetary funds from which their income derives.

(b) Unliquidated obligations in respect of special accounts for programme support costs are accounted for on the same basis as for the programme budget.

(c) The special account for programme support costs of peacekeeping operations is now presented in a separate volume of the United Nations peacekeeping operations financial statements.

Note 17. Capital Assets Fund (statement XVII)

(a) Land and buildings are reported at original cost. No depreciation of buildings is provided for. Major improvements and extensions to existing buildings are reflected in the construction-in-progress fund and are capitalized when the projects are completed.

(b) The capital assets of the Organization comprise land and buildings (at cost) at the following locations (in millions of United States dollars):

United Nations building, New York (original cost)	67.1	
Less: Cost of library building razed in 1960	1.7	65.4
Dag Hammarskjöld Library building, New York		6.7
Land for permanent Headquarters site, New York		9.6
Extension of meeting rooms of north lawn, delegates dining facilities and staff cafeteria, New York		56.2
UNITAR building a/		11.0
Subtotal		148.9

Secretariat building and General Assembly Hall, library building and villas, Geneva	12.3	
Modernization of Palais des Nations, Geneva	2.1	
Major maintenance, Geneva	6.7	
Extension of conference facilities, Geneva	47.7	68.8
United Nations accommodation, Nairobi		27.1
Land and structures, Addis Ababa, Mogadishu and Pusan		0.3
ECA building, Addis Ababa		7.5
United Nations building, Santiago		5.6
Documents Research Centre, Santiago		1.0
ESCAP building, Bangkok	8.7	
Less: Cost of Netherlands building razed in 1990	0.2	8.5
ESCAP conference building in Bangkok		46.5
Total		314.2

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a/ $283,215 representing deficit under special purpose trust grants held by UNITAR was assumed in the United Nations General Fund for the period ending 31 December 1997, whereby the cost of the UNITAR building was adjusted to $10,961,967.

Note 18. Projects of a multi-year nature (statement XVIII)

(a) Funds are appropriated from the United Nations regular budget for new construction and major improvements; the resulting expenditures are recorded and reported in separate construction accounts. The funds relating to these appropriations are transferred into a cash pool, which is administered at United Nations Headquarters, and those funds are accounted for in a separate set of construction accounts classified as "undistributed". From this cash pool, remittances are made to the respective field offices to meet construction-in-progress costs. Interest generated from investments and the related receivables and payables are reported in the "undistributed" balance sheet. The consolidated balance sheet shows the unremitted amounts as balances due to or due from the "undistributed" fund and the construction funds of the respective offices.

(b) Any unexpended balances of appropriations in the construction fund are carried forward to the extent approved by the General Assembly into succeeding bienniums until the projects are completed.

(c) The ECA construction project was funded from appropriations of $107,576,900 from the United Nations regular budget. Additional funding of the project consists of $7,651,594 of interest income earned on the construction fund bank balances.

(d) An initial loan of $6 million from UNEP was used to fund the construction in Nairobi. The principal amount plus interest of $489,327 was transferred from rental income under income section II of the United Nations regular budget to repay the loan. An additional amount of $2,370,600 was transferred from income section II of the United Nations regular budget to provide further funding of the construction in Nairobi.

(e) The cost of construction of the ESCAP conference building was capitalized during the 1996-1997 biennium, and the capital assets and members' equity in the Capital Assets Fund increased by $46,500,000. The costs of construction for the other projects will be capitalized and transferred to the United Nations Capital Assets Fund upon completion of all the related formalities.

(f) With the concurrence of the Advisory Committee on Administrative and Budgetary Questions, the accounting for IMIS is being carried out in a similar manner.

Note 19. United Nations Tax Equalization Fund (statement XIX)

This Fund was established under the provisions of General Assembly resolution 973 (X) of 15 December 1955 to equalize the net pay of all staff members whatever their national tax obligations. The Fund reports as income the staff assessment in respect of staff members financed under the regular budget, assessed peacekeeping operations and the Tribunals for Rwanda and for the former Yugoslavia. The Fund includes as expenditure the credits against the regular budget and peacekeeping assessments of Member States that do not levy taxes on the United Nations income of their nationals. Member States that do levy income taxes on their nationals working for the Organization do not receive this credit in full. Instead, their share is utilized in the first instance to reimburse staff members for taxes they have had to pay on their United Nations income. Such reimbursements for taxes paid are reported as expenditure by the Tax Equalization Fund. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of the extrabudgetary fund concerned.

Note 20. Funds held in trust (statement XX)

(a) These funds account for resources set aside and disbursements for compensation payments under appendix D of the Staff Rules, reimbursements of claims made under the Medical Insurance Plan, payments to stabilize medical, dental and life insurance premiums of active and after-service personnel and for payment of liability claims and other costs associated with the general liability of the Organization. They also contain the accounts of certain self-insurance activities, such as the Geneva Staff Mutual Insurance Society, against sickness and accident.

(b) Premiums collected for medical, dental and life insurance schemes managed at United Nations Headquarters and paid to the insurance carriers under contract with the United Nations are accounted for in the United Nations General Fund. Direct transfers representing a percentage of monthly insurance premiums collected in respect of some carriers are made to the reserve funds. In the case of Aetna, the amounts transferred represent the difference between collections and reimbursements to Aetna under the split-funded plans when the net surplus (deficit) of the plan is determined at the end of each policy year.

Note 21. Special account for the sale of United Nations bonds (statement XXI)

Under the terms of General Assembly resolution 1739 (XVI) of 20 December 1961, the Secretary-General was authorized to issue bonds up to a total of $200 million, utilizing the proceeds of sale for purposes normally associated with the Working Capital Fund. He was also requested to include in the regular budget an amount sufficient to pay interest and instalments of

principal, in accordance with the terms of the issue. A total of $169.9 million was realized from the sale of the bonds and utilized for UNEF (1956) and ONUC. The last payments of principal and interest were made to bondholders in the biennium 1988-1989, and the bond issue is now fully amortized.

Note 22. United Nations escrow account established under the provisions of Security Council resolution 986 (1995)

In accordance with Security Council resolution 986 (1995), an escrow account has been established into which the proceeds from sales of Iraqi oil are deposited. This account is the subject of separate financial statements that are issued for auditing and submission to the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait and the Government of Iraq.

Note 23. Liabilities for end-of-service and post-retirement benefits

(a) The United Nations has not specifically recognized in any of its financial accounts liabilities for after-service health insurance costs or the liabilities for other types of end-of-service payments that will be owed when staff members leave the Organization. Such payments are budgeted for in the regular budget and in peacekeeping operations, and the actual costs incurred in each financial period are reported as current expenditures.

(b) In order to gain a better understanding of the financial dimensions of the Organization's liabilities for after-service health insurance, a consulting actuary was engaged to carry out an actuarial valuation of post-retirement health insurance benefits as at 1 January 1995. The results of that exercise were disclosed in the notes to the financial statements (note 22) set out in the Financial report and audited financial statements for the biennium ended 31 December 1995 and report of the Board of Auditors.[1] The actuarial valuation has recently been updated and, on the basis of that study, it has been estimated that the United Nations liability as at 1 January 1997 for after-service health insurance benefits covering all participants, regardless of funding source, is as follows:

	Present value of future benefits	Accrued liability
Gross liability	$1 375 922 000	$1 040 023 000
Offset from retiree contributions	364 049 000	276 634 000
Net liability	$1 011 873 000	$763 389 000

(c) The present value of future benefits figures shown above are the discounted values of all benefits to be paid in the future to all current retirees and active employees expected to retire in the future. The accrued

[1] Official Records of the General Assembly, Fifty-first Session, Supplement No. 5 (A/51/5), vol. I.

liabilities represent those portions of the present values of benefits that have accrued from the staff members' dates of entry on duty until the valuation date. Active staff members' benefits are fully accrued when the staff members have reached their dates of full eligibility for benefits.

(d) Terminating staff members are entitled to be paid for any unused vacation days they may have accrued up to a maximum limit of 60 days. The Organization's total liability for such unpaid accrued vacation compensation is estimated to be between $110 million and $120 million.

(e) Some staff members are entitled to repatriation grants and related expenditures of relocation upon their termination from the Organization based on the number of years of service. The Organization's total liability for such unpaid repatriation and relocation entitlement is estimated to be between $85 million and $100 million.